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ABSTRACT

A review of higher education in Alaska during 1975-1976 that was submitted to the Alaska Legislative Subcommittee on Higher Education is presented. Information is given on: developments at private institutions (Alaska Methodist University and Sheldon Jackson College); the University of Alaska System; consortium arrangements; postsecondary needs for rural Alaska; the Alaska Commission on Postsecondary Education; Alaska community colleges; and the delivery of education by new technology. Specific topics include: library needs at the University of Alaska at Ankorage, needs for legal education in Alaska, administrative organization of higher education in Alaska, and funding of community colleges. Funding issues for community colleges are considered in depth, including the influences that determine funding and funding processes and 34 recommendations. Approaches that might be used to improve the entire funding and budget operation of community colleges in Alaska are also addressed. One recommendation is that the budget process and forms should indicate clearly for what purposes, programs, and functions funds are being requested and the changes from the previous budget request. More funding must be provided to equip and enrich the existing programs; tuition for community college students should be abolished; and studies should be conducted to determine the feasibility of a central organization for community college administration that is separate from that of the University of Alaska at Fairbanks. The text of legislation for the state to purchase the property of Alaska Methodist University is appended. (SW)

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HIGHER EDUCATION IN ALASKA

1975 -- 1976

Submitted to the
Subcommittee on Higher Education
of the
Legislative Council
9th Alaska Legislature
(1975 - 1976)

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Representative Helen D. Beirne
Representative Bob Bradley
Representative Mike Miller
Representative Charles H. Parr
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FOREWORD

We were charged by the Legislative Council and its Interim Committee on Higher Education to observe, examine, review, and report on higher education in Alaska. This Committee has consistently concerned itself with the following goals:

1. Maintaining the highest quality of educational opportunity for Alaskans consistent with their needs and desires.
2. Insuring equal opportunity of access to post-secondary education for all Alaskans of all ages regardless of whether they have completed high school.
3. Obtaining maximum educational benefits, with as wide a range of opportunities as possible, at minimum cost to the taxpayer.

Those participating in making this study and writing the final report were

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PREFACE

Higher Education in Alaska continues to make significant progress in its mission of service to the citizenry of the State. The many educators who are involved in this complexed problem of educational delivery are to be commended for their excellent service. This report covers many of the current issues and problems which are evident in the State's Higher Education scene today. Although a considerable portion of this report is devoted to current problems in Higher Education, in no way is this to be construed as an indication of weakness in the educational delivery systems, but rather it should be considered as an indication of momentum and achievement. Wherever significant development occurs, problems which need correction will surface.

In summary, while this report reflects some of the criticisms of Alaskan Higher Education, the existence of those problems should serve as an indicator of the amount of progress which is currently being made. The administrations of the University of Alaska, the Alaska Methodist University, the Sheldon Jackson College, and other embryonic units of the educational system are to be commended for their role in the achievements which are currently taking place toward the development of excellent Higher Education opportunities within Alaska.

I. PRIVATE EDUCATION

The past year witnessed significant, albeit occasionally somewhat discouraging, developments in the Alaskan private education horizon. Alaska Methodist University, which had served as an educational alternative since 1960, struggled to keep itself afloat on financially troubled waters.

First came the announcement of impending closure; then, came a one-year reprieve as a result of assistance from the Legislature and the Governor. Now it is functioning in the hopes that a financial miracle might emerge to enable it once again to ply a steady course in clear waters.

Sheldon Jackson College, on the other hand, as it approaches its centennial in 1978, continues to demonstrate steady progress and solid performance. It has survived a year of presidential change and budget deficit, and it has forged ahead to extend its service, particularly in teacher education. Its historic mission to serve the Native population of Alaska is demonstrated not only with the exciting activities on its campus but also with its extended efforts in even such remote areas as Barrow.

The function of this chapter is to report the salient developments at both private institutions.

Alaska Methodist University

This past year was a period of great uncertainty for Alaska Methodist University. On November 8, 1974, the Board of Trustees declared its intent to negotiate the sale of the properities of Alaska Methodist University to the University of Alaska and to use the proceeds of the sale for the establishment of a fund to be placed in a private foundation as a successor corporation to Alaska Methodist University. Shortly thereafter, representatives of the Board of Regents of the University of Alaska and the Board of Trustees of Alaska Methodist University met to negotiate such a sale. Two committees were established: one to examine the fiscal factors and an equitable transaction; the other, to plan the orderly transfer of personnel and academic programs to the University of Alaska at Anchorage. Both institutions reached an agreement of a price tag of $15,400,000. for the 267½ acres including the buildings. House Bill 441 was introduced proposing the purchase by the State of Alaska. This Bill ran into considerable problems in the legislative finance committees. Testimony indicated that the State could not afford the 15.4 million dollar price at the present time. There was also considerable concern among the legislators that the termination of Alaska Methodist University would put an end to independent higher education in Alaska which many legislators felt was a necessary alternative to the University of Alaska.

Through the outstanding efforts of Representative Kathryn Ostrosky, Chairwoman of the Interim Committee on Higher Education of the Legislature, a substitute plan was promulgated calling for the State of Alaska to take an option on the buildings and grounds of Alaska Methodist University for $1,930,000. The intent of such an option was to allow the State of Alaska to examine its interest in higher education during the ensuing year and to give the Alaska Commission on Post-Secondary Education an opportunity to make further studies about private education and its place in the master plan. It was decided that the option price would be applied toward the ultimate purchase price of the University. Also proposed by the Interim Committee on Higher Education was extra tuition assistance of $175,000. The total State support for tuition equalization grant funds, including augmentation, and the option to buy infused Alaska Methodist University with a sum of $3,600,000 with which to operate during 1975-76.

A new president, Robert K, Dellenbach, was appointed and plans were made to restructure the college in order to maintain financial viability for the following year. In spite of the uncertainty which resulted in student doubt about attending Alaska Methodist University, the enrollments for the Fall semester exceeded early projections. Approximately 325 full-time students and 197 part-time students enrolled for the Fall semester, or approximately 412 FTE.

In order to meet the provisions of the law to be a nonsectarian institution the Alaska Methodist University Board of Trustees on May 17 took the following action:

> "The Board of Trustees will rewrite the Articles of Incorporation deleting the requirements for specific representative of the United Methodist Church, deleting any fixed percentage of members from the United Methodist Church, and deleting the requirement that nominees be approved by the National Division of the Board of Global Ministries; provided that none of the above shall be construed to prohibit membership on the Board by representatives or members of the United Methodist Church nor to preclude the continuing relationship of the United Methodist Church to Alaska Methodist University; and further that the Board of Trustees, for the purposes of administering funds from the sale of any assets to the State of Alaska, shall be composed of a majority of Alaskan residents selected to encourage broad state representation and that, in the selection of the Board, discrimination based on race, religion, skin color, national origin, ethnic background, or sex shall be prohibited."

The University continues to have serious financial difficulty. Gifts and donations from the Anchorage area have been negligible. The Methodist Church has not given any substantial grants or other financial support. There continues to be a serious question on whether the University can survive without substantial donations which during the past several years have not been forthcoming.

As previously mentioned Alaska Methodist University continues to have financial problems. The reasons for this are several. However, a look at the current methods used to finance private higher education in the United States should shed some light on why AMU continues to operate at a substantial loss.

Traditionally and historically, most private colleges and universities have experienced serious financial difficulties. Alaska Methodist University is certainly no exception to this rule. In fact, the financial problems of AMU have been more acute than those of many other private educational institutions because of several important factors.

1. Alaska Methodist University's operating costs are proportionately higher than those of other private educational institutions due to the higher cost of living in the State of Alaska. Generally, it is accepted that the cost of living in the Anchorage area is 40 percent higher than in the lower forty-eight.
2. AMU is unable to charge tuition commensurate with costs because it would make it prohibitive for students to attend. At the present rate of expenditure per full-time-equivalent student, it would be necessary for AMU to charge approximately $5,000 tuition per student, per year, to break even. It is doubtful if any student could or would pay this tuition in

order to attend the University. It may appear on the surface that the current expenditure per student is exhorbitant; however, studies conducted by the National Center for Educational Statistics reveal that the average expenditure per student, by all four-year private educational institutions in the United States is estimated to be $3, 500. If the 40 percent Alaska cost of living differential were to be added to this average expenditure the resultant amount would be $4, 900 or very close to the amount per student being expended by Alaska Methodist.

3. One source of revenue on which private colleges and universities have been dependant is derived from endowment. Because AMU is a relatively young institution and because of past financial difficulties, it has not been possible for the university to build an endowment; therefore, this very important income is not available.

4. Private educational institutions depend very heavily on gift income to make up operating deficits. AMU has been unable to attract enough gifts to accomplish this objective. Further, it appears that it is not realistic to assume that this area will be a viable source of revenue in the near future, although if AMU survives the current financial crisis it is going to be essential that the effort put into this most vital area be increased. It should be recognized that there are ample reasons for the fact that AMU has been unable to attract substantial private support. First,

AMU does not have a large or affluent alumni body from which it can solicit gifts. Second, wealthy individuals and foundations have hesitated to contribute to the University because of the uncertainty of its future. Alaska Methodist University may be able to make some improvements in its ability to attract contributions but it is not likely that this area of endeavor will be an immediate or long-range solution to the current financial problems.

5. Finally, because of the recurring financial crises, serious questions have been raised about the University's ability to survive, and as a result the institution has experienced difficulty in attracting and retaining students. Because of this fact, AMU is operating considerably below capacity--a condition which is financially inefficient. For example, due to the uncertainty of the University's future, last year two very important programs were not continued, the remote site and the military. The loss of these two programs resulted in the loss of a significant number of students.

In summary, many of AMU's financial problems are not unique to private higher education. However, because of the special economic and geographic circumstances found in Alaska, some of the University's problems are different from those found at private colleges in the lower 48. One fact is certain: unless additional sources of funding are found for AMU, it is not likely to survive the current crisis.

In past years, the State of Alaska has taken several steps to aid Alaska Methodist University. However, even with the financial aid provided to the University by the State, the financial difficulties persist. Once again AMU is faced with a situation wherein if additional funding is not forthcoming by June of 1976, the University's funds will be exhausted--a situation which will almost certainly force closure.

At the time when AMU exhausts its funds, there are several options which shall determine its fate and indeed probably the fate of private higher education in the State of Alaska.

1. The State can exercise the option which it currently holds on the University's campus. The cost to the State to purchase the AMU land and facilities is estimated to be 15.4 million dollars. This amount should be reduced by 2.3 million dollars to reflect the option payment made to AMU in 1975 which can be applied toward the 15.4 million total purchase price. The net cost to the State for purchase of the 267.5 acre campus and facilities is estimated to be 13.1 million dollars. It is the 15.4 million dollar purchase price is only an estimate. The ultimate campus purchase price is to be determined by a formula set forth in Legislative Act CSHB441, signed June 4, 1975. (See Appendix)

   In addition to the dollars required to purchase the campus, it is assumed that the University of Alaska would be the logical

State Entity to absorb the operation of AMU; the operating budget of the University of Alaska would have to be increased. Last year, when negotiations were taking place to determine the fate of AMU and its possible absorption by the University of Alaska was under consideration, the University of Alaska administration requested an additional budget appropriation of 2.3 million dollars. The net additional cost to the State to absorb the Alaska Methodist campus, facilities and programs actually would be be somewhat less than 2.3 million dollars when it is considered that AMU is currently receiving approximately seven hundred thousand dollars of State tuition assistance money. One additional cost to the State which must be considered is the cost of debt service if the campus purchase were funded by a bond issue as has been proposed. Using a figure of eight percent interest per annum, the debt service on a 13 million dollar bond issue would be in excess of one million dollars each year.

In summary, the net cost to the State to take over AMU is estimated to be 13.1 million dollars for the purchase, 1.6 million dollars or more annually for operation, and one million dollars debt service yearly.

2. If the State was unwilling to purchase the AMU campus, the possibility exists that the University might simply close its doors until a purchaser could be found.

3. The State could extend its option on the AMU campus for an additional year at a cost of 1.5 million dollars. Although this would solve the problem of an immediate cash shortage, it would not be a long-range solution to the institution's financial plight.

4. AMU could sell a portion of its property if a buyer were found. The most obvious potential purchaser would be the University of Alaska. The funds generated from this sale could be utilized to continue funding the current operating deficit of AMU. However, eventually any funds generated from a sale of assets would ultimately be expended leaving the University in essentially the same financial situation as during the recent past.

5. AMU could increase its fees to the point where income per student would approximate expenditure per student, enabling the University to operate on a basis approximating breakeven. The problem with this option is that the cost to the individual student would be prohibitive and unless there were subsidation from some source this would not be a workable solution. However, if the State were to enter into a contract with Alaska Methodist University to purchase educational service for citizens of Alaska who desire to attend AMU rather than the University of Alaska, it would probably enable Alaska Methodist to survive and save the State of Alaska a considerable amount of money, both short and long-range. The elements of such a contract would include, but not be

limited to, an agreement whereby the State would agree to pay AMU a certain fee on a per-credit-hour basis for education provided to a qualified Alaska citizen. The student would be expected to pay a portion of this cost equivalent to the amount he/she would have to pay in tuition if attending the University of Alaska. The current tuition at the University of Alaska is $160 per semester or $320 per year. A benefit to the State of a contract for purchase of services would be that private education should be able to survive. Although not necessarily a direct benefit to the State, Alaska Methodist University would provide competition to the University of Alaska which would probably create a healthier environment for the growth and development of higher education. From the State's point of view, a contract for purchase of services from Alaska Methodist University would be more cost effective than absorption of the AMU campus, faculty and student body.

If this option were chosen by the State, great caution would have to be taken at the time a contract would be: (a) Residency Requirement for Alaskans; (b) Program Offering; (c) Attendance Records; (d) Clock hours vs credit hours; (e) Qualified Institutions; (f) Reimbursement formulae; and (g) cost per credit hour.

Recommendations

1) It is recommended that serious consideration be given to developing a contract whereby the State would purchase educational services from Alaska Methodist University as outlined in this Report.

2) It is recommended that the State give serious thought to the possibility of purchasing a portion of the Alaska Methodist University campus for future use by the University of Alaska.

3) It is recommended that the University of Alaska be requested to develop a five year cost projection for operation of the Alaska Methodist University campus facilities and programs if it were to be absorbed by the University.

4) It is recommended that the State extend the current option on the AMU campus for an additional year in order to develop definitive proposals related to recommendations number 1, 2 and 3.

5) It is recommended that the option agreement between the State and AMU be amended prior to extension of the option, so that option payments could be applied toward full or partial purchase of AMU property.

6) It is recommended that prior to the development of a contract for purchase of services between the State and AMU, an indepth analysis of AMU's financial and enrollment statistics be made.

Sheldon Jackson College

During 1975 Sheldon Jackson College underwent a number of faculty and administrative changes. First, Dr. Gladys Whitmore, one of Sheldon Jackson's most revered professors, retired and moved to Pasadena. Secondly, Robert Uddenberg, President of Sheldon Jackson College since 1972, resigned effective January 31, 1975. His position was filled by Dr. Merton D. Munn, who was appointed as acting president. Dr. Munn has a background of more than thirty years in the field of education and has held such positions as Chairman of the Education Department of Whitworth College, Director of Research for the United Board for Christian Education in Asia, Vice President for Academic Affairs for Silliman University in the Philippines and Academic Dean of Carroll College in Waukesha, Wisconsin. He indicated that he would be willing to serve until a permanent successor was selected. At this writing, his successor has not yet been named.

To strengthen its financial base, Sheldon Jackson College had a very successful fund raising campaign, raising more than $40,000 in Sitka and the rest of Alaska. Gifts from churches and individuals approximate $200,000 per year. Because of careful financial management, the college was able to balance its budget during the past fiscal year in spite of the fact it had achieved a substantial deficit during the 1974-75 fiscal year. In fact, it was even able to make some headway in reducing its debts incurred the year before, and its current financial condition is strong. In fact, during the past five years more than one million dollars of facilities were constructed on a "debt free basis."

Sheldon Jackson College officials recognize the importance of cooperation between Sheldon Jackson, Sitka Community College, and the University of Alaska to meet the educational needs of the Sitka Community in a cost-effective and efficient fashion. They support the concept of joint planning and a division of responsibility. They wish to make certain that duplication of programs is avoided. They know that such duplication is not an economical use of State resources and jeopardizes the financial future of Sheldon Jackson.

Sheldon Jackson College has great value to Sitka. The budget of the college is more than one million dollars a year, and it therefore is one of the larger economic resources of the Community. Secondly, the cultural milieu that Sheldon Jackson provides for that community enables the citizens to have access to many cultural outlets not normally available in small communities. In the third place, Sheldon Jackson Museum is a tourist attraction.

On the campus Sheldon Jackson serves approximately 150 full-time students for the two year Associate in Arts and Associate in Science programs. The curriculum consists of liberal arts and preprofessional career-oriented offerings in such fields as forestry, fisheries, aquaculture, business administration, dental assistant, data processing, Tlingit, and Eskimo languages and culture. The College has been offering third and fourth year classes in education in cooperation with Alaska Methodist University. About 60 per cent of their enrollment is native; 85 to 90 per cent are Alaskan.

Off campus, the College has a semester-abroad experience in Spain to encourage students to consider their own culture in light of a vastly different culture. About 20 to 30 students per semester take advantage of this opportunity. Moreover, the College offers a program for preparation of teacher-aides in fifteen southeast Alaska communities into which professors are flown. This teacher-aide program has had 100 to 110 students per semester. The College has also created a bilingual program in nine communities in southeast Alaska to educate Native instructors in literacy training and classroom methodology. This program has concentrated on developing materials in Native language education for elementary school children and for adults. In cooperation with the North Slope Borough and the Arctic Slope Native Corporation, Sheldon Jackson College has provided assistance in developing higher education programs in education, business administration, public administration, health and Inupiat culture. During the past year this North Slope endeavor, which is also called Inupiat University, has had the involvement of Antioch College West (until summer of 1975). Since July, La Verne College in California has given management assistance as well as the opportunity for the upper division student to obtain accredited bachelors degrees.

This past summer Sheldon Jackson College has had an extensive summer school for 100 to 150 students - an activity which is fully supported by tuition. Courses are in anthropology, art, education, literature, history, marine sciences including Tlingit language and culture workshops to educate Native instructors in literacy training and classroom methodology and to develop language materials. A cultural activity, the summer music festival, is provided for 350 to 400 persons who attend each of six concerts given by artists and musicians in residence. This festival has constituted a strong tourist attraction during the summer time. Additionally, in cooperation with the Sitka Concert Association 100 to 180 high school and junior high school music students primarily from the Southeast attend the Fine Arts Camp.

Among the valuable services is the newly constructed Orin Stratton Library, named for the late president of the College. This attractive library contains approximately 30 thousand volumes and 350 periodicals which are open to the public. Its resources are available through inter-library loan across the State. This library is used by Sitka Community College as part of the Consortium arrangement whereby Sheldon Jackson College receives some State funding through contract.

During 1974-75 Sheldon Jackson had a contract with the Department of Education to operate upper division educational programs under ARTTC/X-CED. A cooperative arrangement was made with the University of Alaska at Juneau for this program for educating 6 to 10 students. There were difficulties in articulation since the University's four year program provides for teacher education classes at the third and fourth year levels whereas Sheldon Jackson College offers similar courses in the first two years to meet the needs of teacher aides. For the 1975-76 year SJC received approval under the Indian Education Act for upper division courses to be granted $91,000 so that both lower and upper division programs in teacher education could be offered throughout southeast Alaska. These programs fit SJC's commitment of service to the Natives of Alaska. It is expected that the points of issue between the University of Alaska at Juneau, Sitka Community College, and Sheldon Jackson College can be ironed out.

Another area of service by SJC to the Natives is the recent activity at Barrow. As has been mentioned previously, Sheldon Jackson College has been offering assistance to the Inupiat University of the Arctic. The new Inupiat University catalog contains an entire section dealing with the delivery of higher education to small villages. It lists 13 separate course offerings in Inupiat language, including three years of Inupiat as a second language, courses in Inupiat history, art, dance and music. In spite of its noble goals, the Inupiat University has had some difficulties. The funding for the program is limited and its success rests upon the interpretation of the State Attorney General on whether the State Tuition Grant monies for about 100 FTE students (approximately $185,000) may legally be given such a venture. Since the operation of the State Tuition Grant program is now under the aegis of the Alaska Commission on Post Secondary Education, the Commission has asked for legal opinion on whether the funds can be made available to Sheldon Jackson College for students who are attending the Inupiat University.

SJC furnished program direction for the academic area. Both SJC and La Verne College have undertaken to ensure academic quality and to integrate learning experiences. A fine relationship exists between the two colleges both of which have served in the Christian mission field. At the request of the Inupiat Council, La Verne College has been providing management training. A staff member, Dr. Carl Lippold, has been on a full-time basis in Barrow to assist the Inupiat University. At this writing, the agreement is for La Verne College to continue to provide his services throughout the balance of the academic year even though it is understood that the possible loss of Tuition Grant Funds may make full compensation under the original agreement impossible for the Inupiat Council for Post-Secondary Education. An analysis of the potential of the Inupiat University shows the possibility for the following: (a) Teacher education and certification, (b) Teacher aide training, (c) Office/clerical, supervisory and management training in a business and public administration environment, (d) preservation and transmission of the Inupiat cultural heritage. Dr. Lippold has initially taken responsibility to set up enough management systems to insure that in the future more time can be devoted to the educational aspects and less to the organizational. These management systems consist of council committees, operation manuals, hand written procedures. Documenting this type of information will be most important for any possibility of continuation. As Mrs. Elaine Ramos, the newly elected Vice President for Rural Educational Affairs of the University of Alaska, has stated in the Tundra Times, "Congratulations to all those on the Arctic Slope who are making the dream of equal educational opportunity for all our people into a reality. Every time one of us takes a step forward it bring us all just that much closer." It is hoped that the organizational and political problems can be surmounted so that this effort by the peoples of the North Slope can achieve its goals.

The SJC and Sitka Community College along with the University of Alaska, Southeast, have had a series of Consortium meetings to plan for sharing of facilities, resources and curricula. The following academic program development plan was adopted by the Consortium a year ago:

1. The library at Sheldon Jackson College will service both colleges and will be the primary library facility for each school.

2. Sheldon Jackson College will not normally implement any new "Vocational-Technical" courses and in any case not without prior discussion of the Consortium.

3. All secretarial science courses will be provided by the Sitka Community College. This may be expanded to include business machines, office practicum and other related areas.

4. All home economics courses will be provided by the Sitka Community College, although in a broad sense there may be courses in family life education (either sociology, economics or early childhood development) at either college.

   Sheldon Jackson will continue to provide lower division education-type courses in child development, educational psychology, etc., with the understanding that Sitka Community College also may offer courses in these areas.

5. Sheldon Jackson will provide lower division teacher education courses, including teacher aide education.

6. Sheldon Jackson College will provide basic science courses including those requiring special laboratory facilities.

the accreditation for elementary school teacher certification.

Another matter to be resolved by the Alaska Commission on Post Secondary Education is the difference in Tuition Equalization Grant funds among the private colleges of Alaska. At Alaska Methodist University, Tuition Equalization is $1,850; at SJC it is only $1,600. The average cost per student at SJC approximates $3,900; therefore, even if the State increased tuition equalization, for example, to $2,250, it still would be obtaining some significant cost benefits because the predominant enrollment at SJC is Alaskan students. The significant role SJC has played in Alaskan education and missionary service for the Natives is appreciated by many Alaskans. It has, moreover, furnished an alternative to public higher education.

As the construction of the new campus for Sitka Community College adjoining SJC approaches completion, it becomes imperative that the State protect the opportunities for SJC to serve the higher education needs of the Southeast region. What happened to Alaska Methodist University when University of Alaska moved next door should not be permitted to occur to SJC. The Alaska Commission on Post-Secondary Education must monitor closely the developments in Sitka and make certain that "cooperation" rather than "competition" is the pattern in the relationships of the University of Alaska, Southeast, SJC, and Sitka Community College.

Last Spring, President Munn offered a set of recommendations to the Legislative and Executive Branch of State government, which in his view, have a bearing on SJC's future. These are published on the following pages because they have serious ramifications for the survival of Sheldon Jackson College.

RECOMMENDATIONS REGARDING PRIVATE HIGHER EDUCATION IN ALASKA WITH SPECIAL REFERENCE TO SHELDON JACKSON COLLEGE

by Merton D. Munn, President
Sheldon Jackson College

March 20, 1975

Introduction

Sheldon Jackson College appreciates the financial aid it has received from the State of Alaska. The support given by the Governor, his staff, and the Legislature is especially appreciated. The closing of AMU focuses new attention on the role of private education in the State, and especially the role Sheldon Jackson can play in its development. Every effort must be made by all parties to insure that private higher education not only continues, but is developed to its fullest to serve the people of Alaska.

Sheldon Jackson College is now examining its past service, present program, and prospects for future development. We believe the College is educationally and economically sound and capable of responding in a timely and creative way to meet new demands on a statewide basis. This response, however, cannot be made alone. More than ever, Sheldon Jackson College needs the assistance and support of the Governor and the Legislature and the sensitive cooperation of the Board of Regents and the University of Alaska. It is to the benefit of the State of Alaska both financially and educationally that this support is received, and the cooperation be continued and further developed.

We are aware that in order to be of assistance to Sheldon Jackson College, the Governor, Legislators, and the University of Alaska must be kept informed of the needs of the College and its plans for development and service. Every effort will be made to develop a communication system which will assist in this concern. Presently there are four areas in which we would make some specific recommendations:

1. Continuation of the Tuition Grant Legislation (with some revisions)
2. Possible areas of contractual services
3. Establishment of the 1202 Commission
4. Cooperative planning and involvement with the University of Alaska

A summary of our present programs identifying the persons served and the source of funding is appended for your information. Additional background material for each program can be provided upon request.

1. CONTINUATION OF THE TUITION GRANT LEGISLATION (WITH SOME REVISIONS)

Sheldon Jackson College strongly recommends the continuation of the Tuition Grant Program. This program, along with the Federal BEOG (Basic Educational Opportunity Grant) provides an essential financial basis of higher education for students. The Tuition Grant Program has afforded considerable indirect support to private higher education in Alaska. It provides an option, or freedom for students to choose a college on the basis of what will best meet their needs, rather than a financial decision of which is the lower priced school. This choice is especially important for native students. Although the University of Alaska has made great strides in recent years to attract and respond to the needs of native students, the size of the University of Alaska in Fairbanks and Anchorage can place them at a disadvantage in the learning process. It is imperative to students that the choice be available, and it is a matter of utmost importance to the College that the students continue to have the financial support they need to attend college.

Cost of Education: Although tuitional charges and the tuition grant covered by the State does not cover the total cost of providing an education, along with the other amounts provided by the student, it does provide a definite basic income needed by the College, and makes it easier for the College to attract gifts and grants from other sources. Recent calculations indicated that the per student cost at Sheldon Jackson College was $3600. Thus the $1400 tuition grant only pays about 40% of the cost of educating a student. Other sources of gift income, private support, and grants are necessary.

Because of inflation and other pressures, the present legislation as it now stands is too restrictive, and we would propose the following recommendations: 1) the ceiling of $1400 should be lifted or eliminated; 2) the amount of support from private sources should be 10% even though in most cases it will be higher; 3) student eligibility should be expanded to include other than degree seeking students; 4) eligibility should be at three (3) credits, rather than six (6); and 5), insure that funds be retained in the Tuition Grant Program during the fiscal year sufficient to cover students attending summer school. A brief discussion and rationale behind these recommendations might be helpful, followed by specific recommendations regarding the wording of the legislation.

1) The ceiling of the $1400 should be lifted or eliminated. Although the easiest solution would be to have no ceiling on the amount of tuition grant, the State is concerned about an unlimited ceiling which would enable a private institution to raise tuition to an unreasonable level. This year, in light of the rising costs, Sheldon Jackson College's Board of Trustees had to raise tuition $200 for next year, with the projection it may have to be adjusted further this fall. The tuition will still be low by comparison with South 48 colleges, especially when one takes into account the 25% higher cost of living index in Alaska. If the ceiling is merely lifted to a higher

level, the legislature will return year after year to make an adjustment if the cost of living continues to rise. Legislation could be written in such a way as to allow the administrator of the program to negotiate with a committee, determined by the legislators, and the colleges involved, or a procedure based on a percentage increase related to the cost of living could be used to arrive at the level of the tuition grant.

2) The amount of support for the colleges from private sources should be 10%, even though in most cases it will be higher. The legislative intent is to insure that the private institutions make every effort to continue to obtain gifts other than public funds. The College does not foresee that it would not be raising more than this amount, but placing it at 10% insures a level that is realistic for the foreseeable future and does assure the State we will work toward this end.

3) Student eligibility should be expanded to include other than fully active degree seeking students. Our concern is that Alaskan residents be given the same opportunity to take classes for their own purposes at Sheldon Jackson College as they would at any University of Alaska institution. The original legislation was written so the State would not be subsidizing interest courses. We agree that the State should not necessarily be in a position to pay for "flower making" classes or similar types of courses; however, a course in "History of the Revolution" might be taken by an adult for interest, and to stimulate further educational interest and growth. In particular, there are those who may be taking courses for other than degree purposes, courses related to the improvement in job skills or personal growth.

4) Eligibility for grants should begin at three (3) credits rather than six (6). The work involved in processing a 3-credit grant is almost as much as a full time student; nevertheless there are adults in the community, including teachers, who advance themselves through education by taking one course at a time. These students should not be denied an education opportunity because of a requirement involving six or more hours.

5) Tuition grant funds should be available for summer school. The present legislation states that, "On March 1 of each fiscal year, if there is a balance of appropriated but unexpended funds in the tuition grant fund created under (b) of this section, that sum shall be automatically transferred to the scholarship revolving loan fund . . .". This provision does not allow for summer school students, and limits educational opportunities for students. Summer school is a most helpful program for students. College in Sitka is a delightful place in the summer, where one can combine an education and a vacation. Attached are copies of this year's summer program and an announcement on the Sitka Summer Music Festival.

2. CONTRACTUAL SERVICES

There is the possibility that additional contractual services can be developed between the State and/or the University of Alaska and Sheldon Jackson College which will benefit all parties. There are several contractual arrangements which Sheldon Jackson College is presently performing. For example, there is a contract with the Public Safety Academy for board and the use of various campus facilities. SJC also provides course credits for the courses taught by the Public Safety Academy staff, and acts as an educational consultant for them. There is a joint Academic Committee with staff from the Academy and from the College to discuss the educational program of the Academy. In addition, SJC offers some elective courses in such areas as Natives of Alaska, English, Psychology, and reading. Our relationship with the Academy has been most cordial, and one in which both institutions have attempted to cooperate to assist one another.

Sheldon Jackson College has a contract for providing courses and facilities for Sitka Community College, worked out at the time the consortium was established. In turn, there is an agreement with SCC for courses SJC does not offer, in which we pay them the regular fee they charge for the courses. Their courses are open to our students, and we pay them their fee, although most of the courses have been in the area of secretarial science, an area we have relinquished to the Community College.

Employment Assistance of the Bureau of Indian Affairs funds courses, supervision, and board and room for a dental assistant program of the Indian Health Service taught at Mt. Edgecumbe P.H.S. hospital in cooperation with SJC. This year we also have a contract with the Department of Education to operate the ARTTC (Alaska Rural Teacher Training Corps) in Southeast Alaska. There has been difficulty with the ARTTC program because of the lack of involvement by SJC in the full development of the program. We would like to continue this contract for coming years, as we believe it can be integrated into our educational program for teachers aides in Southeast Alaska, and believe the difficulties could be overcome.

Presently, SJC along with Antioch College is developing a program of higher education for the North Slope Borough which could prove to be a model for similar developments across the State. This might be an area where services could be contracted. Sheldon Jackson College could provide consulting services for the development and implementation of similar programs.

For five years SJC has been providing teacher aide education in Southeast Alaska. A contract with the State plus grants could offer a complete teacher education program in Southeast Alaska. It should be noted that six communities this year have been provided with a teacher aide education program funded through the State Tuition Grant, and this suggests the economy of using an external degree approach. Formal ties with the University of Alaska - Juneau, along the consortium line would help develop compatible programs, although we have been cooperating in a variety of ways at both the lower, upper, and graduate levels. We are considering and working toward a four year educational program to enable those who have obtained their A. A. to continue to a bachelor's degree. The area of health aides and health paraprofessionals for Southeast Alaska is another area where we might be helpful because of our location in the vicinity of the Public Health Service and Hospital.

There are other areas in which SJC might provide a service for the State because of our unique location or present involvement. Examples might be:

1) A museumology course or workshop is periodically needed, and our staff and museum could be used for such a course. Several years ago the College was able to fund a summer museumology workshop on a limited basis.

2) Sheldon Jackson College is ideally located for an aquaculture and marine science program. The College anticipates moving more fully in these areas because of our locale. A joint effort with the University of Alaska and the State might be a mutually beneficial approach.

3) Another area is Forestry. The University of Alaska recently completed a study in this field, and because we are already working in the area, there might be possible contractual opportunity.

4) The Tlingit-Haida workshop, and the area of linguistics and anthropology are areas which could be open to contractual services.

Note: Although we are open to explore and develop contractual approaches for private higher education, we strongly believe that the Tuition Grant Program is the basis of a sound educational financing for the College, and should continue.

3. 1202 COMMISSION

In order to bring about a statewide coordination for higher education, we believe the 1202 Commission should be appointed and implemented. This, coupled with cooperation at the administrative level of the University of Alaska and Sheldon Jackson College, should enable an increased effectiveness and relevancy for Alaskan higher education.

4. COOPERATIVE PLANNING WITH UNIVERSITY OF ALASKA

The College recommends some means of working together with the University of Alaska to identify educational needs which are unmet as well as coordinate programs which might be accomplished more effectively by cooperation to the benefit of the students. For example, we have proposed the possibility of offering students specializing in Fish and Wildlife the opportunity of taking their first two years at Sheldon Jackson College where they can obtain basic subjects, as well as be introduced to the unique fish and wildlife of the Southeast. They would complete their last two years at the University of Alaska, Fairbanks.

For the past six years SJC has been involved in pre-fishery and forestry programs, as well as technical programs in these areas. It may be costly to move into a full four year program in these areas, and there may be some cooperative efforts in coordinating our program and development with the University of Alaska.

If private education is going to exist, the University must be sensitive to cooperative efforts. There needs to be a clear understanding of our goals and program. Communication and creative discussions must be engaged in to determine how we can work together to meet the needs of those interested in obtaining an education in Alaska.

CONCLUSION

The State and Sheldon Jackson College are at a crossroads in private higher education. The continuance of SJC will undoubtedly depend upon decisions made by all parties in the next 12 to 18 months. The Board of Trustees and the Administration of the College must seriously wrestle with the prospect of developing a four year college. It is doubtful if SJC can effectively play a significant role without being a four year institution. There will be sufficient two year community colleges across the State, including an A. A. degree at SJC.

We look forward to meeting with the Governor, legislators, and the University of Alaska to add input to the above issues and recommendations.

II. THE UNIVERSITY OF ALASKA SYSTEM

The year 1975 represented self analysis and planning by the University of Alaska, the results of which were published in the Academic Development Plan, which set forth the following goal for the University:

> "The University of Alaska system exists for the benefit of all Alaskans, as well as for others who choose to come to the State. It is dedicated to the improvement of human capability through the extension of educational opportunities regardless of age, sex, race, creed, color, cultural background, or economic status. The purpose of such educational justice is the enhancement of social justice in Alaska."

Possibly the most significant recommendation in the academic development plan is found on page 54 under 4-1-1. "Tuition fees should be immediately eliminated from all adult basic education, non-credit, and lower division credit offerings of the University." And 4-1-2. "In the Fall of 1978, all tuition fees should be eliminated from all instructional courses and programs in the University of Alaska system." In the last chapter of our report, we address ourselves to this question of tuition for community colleges and make recommendations which we believe are urgently needed for the State of Alaska. In this Chapter, attention is given to the most significant community college development, since the community colleges continue to be under the University. A later section in the Report devotes itself to some major recommendations affecting the community colleges in the State.

This chapter also addresses itself to the question of legal education and the matter of administrative reorganization.

Community Colleges

The most significant development for the community colleges during 1975-76 was the passage by the legislature of House Bill No. 357, an Act making a special appropriation of $275,000 to the University of Alaska for the operation and maintenance of the Nome Community College. This legislation was based on an outstanding comprehensive feasibility study report of the Northwest Citizens Advisory Committee. The report noted that during the past 30 years certain adult, basic education, and vocational programs have been offered in the Nome region, which has a population of approximately 6000, three-fourths of whom are Eskimo and Aleut. In recent years, the Nome public schools have obtained special funds from the State Department of Education to offer courses in typing, auto mechanics, welding, office skills and adult basic education. In 1972 the State Legislature called for a bond issue of $18,000.000, which included $350,000 each to establish community colleges in Bethel and Nome. The taxpayers were under the impression they were supporting a community college building in Nome because Bond Issue Proposition No. 4 read, "One million dollars to be spent in Extension Centers in the following manner: At Bethel for Kuskoquim Community College, a building, $350,000; at Nome for Northwest Community College, $350,000." Whereas Bethel was able to proceed with the establishing Kuskoquim Community college, Nome was not permitted to do so. The report revealed, furthermore, that there is now a university building in Nome used as an extension center, which has part-time evening and week-end instructors and professional personnel from the University of Alaska, Fairbanks campus. This building is the Northwest Extension Center, a 50' by 50' structure, which the Committee stated is inadequate as an educational facility. The Citizens Advisory Committee proposed for possible inclusion into the Northwest Community College the following programs: (1) two year vocational programs, (2) adult education programs, (3) academic programs for high school graduates, (4) para-professional training, (5) courses and programs for self-employment in small business, independent contracting, craft production, distribution, (6) courses to meet the personal educational needs in the area of family and individual self-improvement, (7) adult basic education. For fiscal year 1977 the budget proposed $425,000, of which $275,000 was for salaries. The Citizens Committee also recommended that five full-time instructional staff be employed for the 1975-76 school year, and that the community college work with the Nome public school district and various agencies in the community to share existing facilities so that immediate additional facilities need not be planned for the immediate future.

As soon as the community college at Nome becomes a full-fledged institution, it will become the tenth community college in the University of Alaska system.

Later in this report is an entire chapter on a proposed reorganization of community college control, which the consultants feel needs to be accomplished if the community colleges are to flourish and fulfill their proper mission in Alaska.

On January 9, 1975, an agreement was reached between the striking teachers of the community colleges and the Board of Regents of the University of Alaska. This agreement constituted the first contract ever made between the University and the community college teachers. The resulting salary agreement has created some problems as far as equitable salaries for statewide faculty and administration because there now is a proportionately higher salary for community college faculty. This proves to be a disadvantage for the statewide system and it also is costly because, in order to bring about parity, the State will inevitably need to raise salaries for other segments as well. Another problem related to salaries is that in 1973 the Board of Regents approved a step salary schedule for professional staff but because of lack of State funds was unable to finance the schedule. Approximately $200,000 additionally is necessary to regularize the salary system.

Library Needs

Because of the imminence of the close of AMU a year ago, the University of Alaska at Anchorage librarians requested supplemental authorization from the legislature. Extra funding appeared necessary, in view of the loss of support from the consortium agreement, in order that staff and materials be acquired to continue the service to the students of the University of Alaska. At that time, I was asked by the Chairman of the Legislative Interim Committee on Higher Education to make an analysis of the supplemental request. I wrote the following memorandum:

March 25, 1975

TO: Representative Kathryn Ostrosky
Chairman, Legislative Interim Committee
on Higher Education

FROM: Dr. Armen Sarafian, Consultant

RE: Funding for University of Alaska at Anchorage Library

At the request of the Legislative Interim Committee on Higher Education, I made a careful analysis of the Library and Media requests submitted by Jack O'Bar, Consortium Library Director at the University of Alaska, Anchorage. Joining me in making this analysis was Representative Charles Parr, member of the committee. In addition, I conferred with Dr. Robert Hiatt, President of the University of Alaska, and Rich Guthrie, Director of Finance.

The following facts were noted:

1. New Staff. The Governor's request authorizes $43,482 for new staff for Library purposes (excluding media services). Jack O'Bar is requesting an additional $50,826. Since one professional librarian and two library clerks on the payroll of Alaska Methodist University will soon be terminated, it becomes obvious that the UAA library will be short-handed. Additionally, the November 1974 Bond issue provides for an expenditure of $275,000 for library materials especially for 22,541 additional volumes. The current staff appears to be insufficient to convert the Senior College portions of the

library building to library service and also to accession the 22,541 new books and related library materials that will be procured through the bond issue funds. It is anticipated that in the transaction between AMU and UAA, some of the AMU library staff will be absorbed into UAA. If the professional librarian from AMU and the two clerks are added to the UAA payroll it appears to me that at least two additional clerks are needed at the Consortium Library to accommodate the accessioning of the new collection of library materials and to take care of a fairly substantial backlog of materials that must be processed, as well as to remove duplicates resulting from the merging of the UAA and the AMU collections-said duplicates to be distributed among the community college libraries.

2. Library Materials. In view of the bond issue allocation and the possibility of merging of the UAA and AMU collections, there is some doubt in my mind whether the entire additional $186,822 for library materials, which Mr. O'Bar requests, can be handled in FY 1976.

   Certainly, some of the added request is needed for catalog cards, for inflated costs of supplies, and for increasing the library resources to take care of the growing number of upper division and graduate students. On the other hand, as I stated in my report on Higher Education in Alaska, 1974-75, Mr. O'Bar's comparisons with other universities are not valid since the preponderance of students at UAA are at the community college and to a considerable extent in vocational-technical fields not requiring as many library resources as upper division and graduate students require. Since the Governor's staff has already approved $117,600 additional funding for library materials, my inclination would be to pare Jack O'Bar's additional request of $186,822 by approximately one-half, on the assumption that the Bond issue funds will be available.

3. Library Furnishings. The request for $9,000 for office equipment for the absorbed AMU staff, plus two additional clerks, should be retained unless such furniture is to be included in the purchase agreement between UAA and AMU.

MEDIA REQUESTS:

The major reduction in Mr. O'Bar's proposed budget is $608,300 in capital and operating requests for media. The library requested $655,700; the central government of the University proposed $283,800; the Governor's staff pared that to $57,400, which appears only to represent salaries and benefits for the present director and the secretary, plus about $13,000 for the media program. My visits to the Consortium Library revealed further need for improving the audio-visual media services of the library. It seems to me that the statewide administration should develop a more comprehensive master plan showing (a) who should serve whom and (b) what audio-visual services are needed for each college. Perhaps it would be best to go along with the University's request of $283,800 for the Consortium Library and also to obtain an inventory of the media resources that will accrue to UAA from whatever AMU owns.

It seems to me that during this year the Interim Legislative Committee on Higher Education can push for such statewide master planning for audio-visual media services and look forward to stronger funding for media services in FY 1977.

Because of the agreement by the State Legislature to furnish an option for the purchase of land which enabled AMU to continue financially, it was obvious there was not the need for the additional professional help and that the original consortium agreement could continue. Therefore, adjustments were made during the budget sessions. It appears, however, that in the future the University of Alaska at Anchorage library is going to need considerably greater financial support. In addition, there continues to be a need for a state-wide master plan on the part of the University to determine audio-visual media and television activities throughout the University system.

Legal Education

In 1974, the Alaska Legislative Council and the University of Alaska initiated a study of the needs of Alaskan legal education, with specific attention to the feasibility of an Alaskan Law School. An inquiry was made into the nature of Alaskan legal services needed in Alaska, the methods of providing that assistance, the professional opportunities through legal education in addition to preparing for the legal field, and opportunities for legal research in the future of Alaska. The study noted that the number of attorneys in the State has grown at a rate in excess of the rate of growth for the whole population. The number of attorneys available in Alaska has reached the saturation point. John Havelock, director of the study, concluded, "Accordingly, from the perspective of the public which has historically been the consumer of legal services, there is no need to increase the supply of lawyers through establishing an Alaska Law School."

Because of the excessive cost, the development of a traditional type of law school was not recommended at this time. There is demand, however, for additional programs related to the legal profession. Mr. Havelock has proposed, for example, an institution to house a core of graduate law studies which might involve work-study or intern programs. He noted, "If the University offered special education of law-school quality in subjects of particular Alaskan interest, the practising bar and those with related professional interests would be greatly benefited. The time which Alaskans spend in residence attending outside law schools could be reduced and considerable hardship could be avoided in some cases if the University chose to take a leadership role in developing special third-year instruction arrangements." Along with this possibility of some sort of relationship with legal programs in the lower forty-eight there also might be some para-professional legal education.

The cost of a library to meet American Bar Association Accreditation standards would be approximately $900,000. The budget to operate a law school would be more than a half million dollars a year, and a law center building would need to be from 40 to 60 thousand square feet in space, which probably would mean an investment of about 4 to 6 million dollars. These costs preclude establishing a law school at the present time.

The State has made law school education available to Alaskans by providing scholarship funds or other indirect support for those wishing to attend public or private universities in other states. Under WICHE the students are able to go to colleges or universities with which Alaska has contractual arrangements. Eighty-nine Alaskan students are now attending professional schools in other Western states under auspices of WICHE. Twenty-four Western law schools participate in WICHE, which is now entering its third year of support for law school students from Alaska. However, in 1973-74, only ten law students were supported from Alaska. For fiscal year 1976, the support for 62 students is proposed. The Legislature has appropriated $155,000 for such support.

In summary, a law school requires several million dollars of funding for facilities, staff, a comprehensive library and a first-rate faculty, if American Bar Association Accreditation is to be achieved. Such an expenditure is not justified at the present time in Alaska as there is an ample supply of lawyers in the state as well as law school graduates in other states who are interested in serving in Alaska. The development of a law school is not only expensive but a Herculean effort. Since there are arrangements whereby Alaskan students may be able to take legal education and return to servie in their native state, the immediate need is being met.

On the other hand, there is a need for the continuing education for lawyers as well as for para-legal professional training. The University would do well to arrange for the legal resources and the library materials of individual lawyers and judges to be accumulated possibly in the Anchorage area. By consolidating materials into a central library accessible to lawyers in service, the University can render a service to practising attorneys.

Para-legal professionalism in rural Alaska is urgently needed. The rural para-legal person is better than no lawyer at all and must operate in an independent setting. Thousands of rural people are denied adequate representation and assistance in processing the routine legal transaction because of their inability to find expensively trained lawyers in their villages. Para-legal professional persons can be of considerable help in the Bush.

Alaskan higher education has an unusual opportunity to translate the particular needs of Alaska and to create programs aimed at Alaskan specifics. One of these responsibilities might well be the development of education for the special requirements of ancillary legal systems in rural Alaska. The Alaska Native Claims Settlement Act requires some para-legal personnel in the administration of it.

Another area of obligation of the University is to educate Alaskans in Resources Management. Alaskan legal education, particularly in natural resource land and oil and gas law, is an essential ingredient in natural resource management systems. It would be well for the University to give specialized instruction in this field.

Because of the surplus of lawyers in Alaska, the relatively small number of Alaskan students who have taken advantage of the WAM and WICHE arrangements for legal education, the heavy expense of creating a law school in Alaska, and the other unmet needs in professional education for Alaskans, the proposal of having a law school does not seem to be wise at this time. In the view of the consultants, McLean Associates, the State would be better served to provide some inservice education on Alaska legal problems than to try to create a new law school.

Administrative Reorganization

On page 200 of the 1972 report, Higher Education in Alaska, the consultants, McLean Associates, recommended that there be a reorganiztion of the University strengthening the concept of regionalism already begun. They proposed that the chief executive officer of the Board of Regents be named "Chancellor of the University" and suggested that each of the three regions have a chief officer designated as president. They also recommended that each region have its own broadly representative council. Current reorganization plans for the University of Alaska seem to indicate that the University is moving away from regionalism. For that reason, the consultants examined the administrative organization of the University, and the results of their analysis are summarized in the following section.

During the last year significant steps have been taken by the University of Alaska state-wide administration to reorganize the various administrative units of the University.

The current reorganization divides the University into four major units: 1) University of Alaska at Fairbanks; 2) University of Alaska at Anchorage; 3) University of Alaska, Southeast, at Juneau and 4) Rural Educational affairs. Each division has a chief administrative officer who reports to the President of the University of Alaska.

UNIVERSITY OF ALASKA AT FAIRBANKS

Under the current administrative structure the University of Alaska at Fairbanks is composed of four units 1) College of Environmental Sciences; 2) College of Arts and Sciences; 3) Division of Professional Schools and 4) Tanana Valley Community College. Administratively, the research institutes become a component of the aforementioned units rather than, reporting to a state-wide administrative position of Vice President for Research.

Prior to the reorganization, a provost was the chief administrative officer of the University of Alaska at Fairbanks. Presently, the chief executive officer is the Chancellor who reports directly to the President of the state-wide University of Alaska.

UNIVERSITY OF ALASKA AT ANCHORAGE

The University of Alaska at Anchorage is now comprised of two major units 1) University of Alaska at Anchorage and 2) Anchorage Community College. At last report, there was some uncertainty whether Kenai Peninsula Community College is to be a unit of University of Alaska at Anchorage. The current reorganization calls for a Chancellor replacing the provost, to be the chief executive officer of this unit. The Chancellor will report to the President of the University.

UNIVERSITY OF ALASKA, SOUTHEAST

The southeast division of the University includes four units: 1) Juneau-Douglas Community College; 2) Sitka Community College; 3) Southeastern Senior College and 4) Ketchikan Community College. As in the cases of Fairbanks and Anchorage the chief executive officer is a chancellor reporting to the President of the University of Alaska.

RURAL EDUCATIONAL AFFAIRS

The University of Alaska division of Rural Educational Affairs is administratively responsible for the operation of: 1) Kuskokwim Community College; 2) Kodiak Community College; 3) Northwestern Community College; 4) Matanuska-Susitna Community College and 5) Extension Centers. The chief executive officer of this unit is a Vice President for Rural Educational Affairs of the University of Alaska State-wide administration. This position reports to the President of the University.

In summation, the administrative reorganization appears to be a significant improvement. Dr. Hiatt is to be commended.

III. CONSORTIUM ARRANGEMENTS

Highly commendable as a cooperative arrangement between private and public higher education are the consortia in Anchorage and Sitka. These provide an avenue for the mutual sharing of resources, facilities, and ideas, as well as for avoiding duplication of offerings. Their success depends upon mutual good will. In general, the two consortia have functioned as effectively as possible considering the dramatic changes that are occurring in the higher education panorama of Alaska.

The Consortium in Anchorage last year had to live through the "off again, on again" decision for the survival of AMU. The uncertainty surrounding the fate of AMU made planning difficult, and the Consortium staff merit high commendation for their flexibility. One of the problems that occurred is that last year at the time when the advanced planning was to take place for the coming academic year, staff members of the University of Alaska who were responsible for this advance planning were under the impression that Alaska Methodist University was going to cease its operations at the end of that year and that the University of Alaska would simply take over the campus facilities and program. As a result, they did not do advance planning. At the last minute when the option to purchase the Alaska Methodist University Campus enabled AMU to survive, the consortium had to be put together again rather quickly. One of the questions raised during this year by members of the Consortium was, Will it continue or will it not? This uncertainty will probably continue to be a problem until some final decision is made on the Alaska Methodist situation.

On the exchange of students, the Alaska Methodist University feels that on a one-for-one exchange of students with the University of Alaska, Anchorage, they are losing money because their tuition is higher than the tuition at UAA. Although cross registration is almost even this year, Alaska Methodist University still is receiving an unfavorable financial exchange. There is validity in the concern expressed because Alaska Methodist University courses do not receive the direct subsidy that UAA courses do. The difference between the $320 tuition that a student attending the Univerity of Alaska has to pay and the $700 tuition that a student attending the Alaska Methodist University is a cost of almost $400 as a differential that Alaska Methodist University loses. It is recommended that the Legislature appropriate funds to the Consortium to equalize this differential.

Another problem in the Anchorage Consortium continues to be the adequacy of library support from the University of Alaska and from Alaska Methodist University. Because of the impending termination of Alaska Methodist University, the UAA library sought additional funds from the Legislature. The option agreement affected the request. In Chapter II we have given our conclusions about the funds needed for the library.

The Consortium at Sitka is progressing as well as can be expected. There are some minor problems on which colleges should offer certain courses. These are usually resolved through discussion by representatives. The inevitable growth that Sitka Community College will realize when its new campus, adjoining the Sheldon Jackson College, may augur similar problems that faced Alaska Methodist University when Anchorage Community College and UAA built next door to Alaska Methodist University.

Survival of Sheldon Jackson College is at stake if ruthless competition enters the current peaceful educational scene in Sitka. It will call upon the highest kind of educational statesmanship from the Alaska Commission on Post-Secondary Education to prevent a repetition of the Anchorage story.

IV. POST-SECONDARY NEEDS FOR RURAL ALASKA

In the 1975 report on Higher Education in Alaska, we pointed out that the post-secondary educational needs for Rural Alaska demanded the concerted attention of the Legislature, Executive Branch, and higher educational institutions of the State. Educational programs, organized with the fullest participation by Alaskan Natives and totally responsive to the defined needs of the Native population, were of great urgency. The imperative nature of this recommendation was due not only to the historic quest of the Native population for educational advancement or to the responsibility that the Natives must assume in operating their Native Corporation, but also due to the goal of the Native populations to sustain the culture that is unique to each area. In sessions with representatives of the Alaska Federation of Natives and the Alaska Native Foundation, I was advised that among the most immediate needs were education in business administration, financial management, contracts, regulatory agencies, institutional administration, investments, law, parliamentary procedures, land and natural resources management, and secretarial science. These leaders pointed out to me that the State's higher education institutions should address themselves directly to the immediate as well as the long-range educational needs of the Native population. They were looking for a flexible type of education which would fit into the economic and cultural environment in each area. They identified the importance of making higher and adult education programs available in the villages of Alaska using the best that was known about educational delivery systems into these villages, whether the process involved the use of videotape recordings, live television and radio programs; whether it involved "fly-in and fly-out" teachersinto remote sites; or whether it involved the development of skilled Natives who could then serve as members of the faculty in these regions. They also explained that the subsistence lifestyle in remote areas must not be interrupted by rigid, lengthy and traditional course patterns. They felt that adult and higher education programs should fit into the everyday physical realities of life in the native villages. They indicated that courses must contain content within the experiential level of the natives and relevant to their region, that teachers must be used who understand rural Alaskans and could identify with them, and that the instruction should have subjects and concepts understandable and useful to native people. These leaders told me that in their estimation the traditional type of course could not be exported into rural Alaska. It was felt that courses should be scheduled as short workshops in central regional locations or in specific villages and that information might be provided on videotapes which could then be taken back to their villages. Finally, the group specified that the Native Alaskans themselves wanted to be involved meaningfully in developing post-secondary education programs. They did not wish outside educators or experts to come in and superimpose a preconceived program. They felt that local leaders and persons should have a major role in the decisions affecting the education of rural Alaskans. They sought local control as well as an opportunity to define the courses to be offered.

During the past year much progress has been made in addressing the issues raised by the staff of the Alaska Native Foundation, the Alaska Federation of Natives, Incorporated, and the Alaska Native Human Resource Development Center of the University of Alaska. Among new developments are the following: (1) the proposal which was contained in SB239 and SB240, (2) the newly created position of Vice President for Rural Educational Affairs for the University of Alaska, and (3) the neophyte post-secondary institutions emerging as a part of Native self-determination.

In response to the concerns and ideas regarding education for rural Alaska, the University of Alaska proposed a bill for the delivery of post-secondary education services to rural areas. SB239 was introduced so that there would be an educational delivery system. The University under this bill was to have a vice president for rural education and native affairs funded additionally by the State. The function of this vice president was the development and administration of educational delivery systems and programs for rural areas. A companion to this bill was SB240, which sought the appropriation of $3, 947, 894 to support the entire rural post-secondary educational delivery system for the University of Alaska. Although this Bill did not pass, it generated much interest by the legislative and executive branches. The Alaska Federation of Natives recommended that, regardless of the outcome of the bills, the University create the position of vice president for rural educational affairs. SB239 listed ten regional centers for the delivery system among which were: (1) Bethel, (2) Nome-Kotzebue, (3) Dillingham, (4) Point Barrow, (5) Fort Yukon, (6) Sitka. It proposed regional policy boards or councils for each of these regions to have a considerable amount of responsibility. The Regional Policy Councils to guide rural education under the University of Alaska have a real potential to identify needs, review existing programs, plan immediate and long-range educational priorities, and propose new programs, new educational patterns, and additional resources.

In proposing the Bill, the Alaska Federation of Natives advised the University that "In view of both the foregoing considerations and the present higher education delivery systems in Alaska, we feel that there is acute need for the University of Alaska to make a more comprehensive commitment toward meeting the needs of both rural and urban native students." The purpose of the legislation was to create an office at the highest level at the University of Alaska which addressed the needs of rural people and advocated for greater responsiveness of the University system. The Bill was designed to strengthen local control of higher and adult education through the establishment of policy-making Boards, and it had the added function of creating a central resource center with the capability of coordinating programs on a Statewide basis.

Despite the failure of legislation to furnish extra funding to the University of Alaska to support the proposal developed jointly by the University, AFN and ANF, the Board of Regents proceeded with the first step - that of creation of the Vice Presidency for Rural Educational Affairs. Appointed by the University of Alaska Board of Regents to this newly created post was Elaine Elizabeth Abraham Ramos, formerly Vice President of Institutional Development at Sheldon Jackson College. Vice President Ramos brings to the position extensive experience in Native Education. She has been the recipient of numerous honors, most noteworthy of which was the American Indian Achievement Award in 1973 - the first Alaskan Native and seventh woman to be so recognized. Included among her extensive activities in behalf of Alaska Natives is her service as Administrative Director of the Alaska Native Language Center in the Center for Northern Education Research (CNER) at the University of Alaska in Fairbanks and her leadership in organizing the Alaskan Native Board of Health. In this position, Vice President Ramos has the opportunity to serve her native state in seeing that education becomes available in even the most remote rural areas of Alaska.

The most ambitious of the efforts to create non-traditional post-secondary education for Alaska Natives was Inupiat University of the Arctic at Barrow, established by the Inupiat Council for Post Secondary Education in the North Slope Borough. Assistance in the formation of the university came initially from Sheldon Jackson College and Antioch College-West. Subsequently, Antioch College was replaced by La Verne College of California. Both SJC and La Verne College have cooperated in making available academic and management expertise, as well as in helping achieve accreditation with NASC (see letter on next page).

Inupiat
University
of the
Arctic

December 26, 1975

Dr. James F. Bemis
Executive Director
Northwest Association of Schools and Colleges
3700-B University Way N.E.
Seattle, WA 98105

Dear Jim:

Many thanks for your time and interest last week. Please also pass on my appreciation to Dr. Spiering.

Your comments regarding the self-study, the scope of the program as outlined in the current catalogue, and the preparations necessary for an evaluation visit will be passed on to the President and Board of Trustees of Inupiat University when I return to Barrow the first week in January.

As the self-study progresses I shall be in touch with you to make plans and to take you up on your kind offer of technical assistance to the University.

A very Happy and Prosperous New Year!

Cordially

Carl Lippold, Ph.D.
Director
Co-op Program

cc: Bill Vaudrin

Because of problems in obtaining continued funding and a resultant shortage of funds, Inupiat University, at this writing, has an indefinite status. However, both Sheldon Jackson College and La Verne College in California have indicated that they are willing to help in whatever way they can. For example, Dr. W. Donald Clague, Dean of Graduate and Professional Studies and Vice President for Academic Affairs at La Verne College wrote to Ms. Dorcas Thompson on January 6, 1976, that "La Verne College would continue to be interested in working with you... We stand ready at any time to work with you to assist in the educational program and development of the Inupiat University." Similarly, Vice President Charles Bovee of Sheldon Jackson College, wrote "Our only interest is to serve the people of the North Slope in helping to establish a quality higher education program." Dr. Lippold and his family will continue to remain in Barrow and give management help to the endeavor. These efforts in promoting education for, by, and with the Alaska Natives should set some directions from which to build for the future.

In order to be of assistance to the North Slope Borough and to Inupiat University, consultants McLean Associates, provided information on education by means of television courses. A total of twenty-one separate videotapes from six television courses produced by the Southern California Consortium for Instructional Television were sent to Barrow for use by Inupiat University. The purpose of sending these tapes was to make it possible for the faculty there to preview them to determine whether they were suitable for use and modification for the North Slope Region. The tapes were on such diverse subjects as the history of music, the history of art, introduction to physical geography, introduction to child growth and development, and law for the seventies. The Inupiat University has obtained television equipment to enable it to produce relevant materials that can be transmitted to the native villages in that region.

It will be interesting to see what ultimately evolves on the North Slope. It might well be that the pattern that emerges will set new directions for other parts of Alaska.

V. ALASKA COMMISSION ON POST-SECONDARY EDUCATION

One of the most important steps for the future of Alaskan higher education was taken last May 5, when the Alaska Commission on Post-Secondary Education held its initial meeting under Chapter No. 78 of the Alaska State Statutes. This Commission was created to serve as a planning body for post-secondary education.

The Commission is advisory to the governing boards of institutions of public and private higher education in Alaska, to the Governor, the Legislature, and to other appropriate State and Federal officials. The Commission is charged with the responsibility of reviewing the annual budgets and capital outlay requests of the University of Alaska and of each of the private colleges and universities in the State. The Commission also was assigned the administration of the student loan and tuition grant program, the Western Interstate Commission for Higher Education and the provisions attendant to the regulation of post-secondary educational institutions. Above all, the Commission was assigned the responsibility to develop a comprehensive Statewide plan for coordinated post-secondary education in the State.

The following representatives were appointed to serve on the Commission:

Representing the Board of Regents
    Brian Brundin - Anchorage
    Alistair Robertson - Ketchikan

Representing private higher education
    Reverend Kenneth Smith - Auke Bay

Representing the Department of Education
  Dr. Marshall Lind - Juneau

Representing the general public
  Mildred Banfield - Juneau
  Wade Jackinsky - Nilnilchik
  Walter Furness - Anchorage
  Gordon Jackson - Anchorage
  Mr. F. C. Hubbard - Fairbanks

Representing the State Advisory Council on Vocational Education
  Walter Ward - Soldotna

Representing the State Advisory Council on Community Colleges
  June Nelson - Kotzebue

Representing the Legislative Council
  Senator Patrick Rodey - Anchorage

Representing the Budget and Audit Committee
  Representative Ed Naughton - Kodiak

At its initial meeting, the Commission elected Mrs. Mildred Banfield of Juneau as chairman. This choice was particularly fortuitous because Mrs. Banfield had been a past member of the House of Representatives and had served as the immediate past chairman of the Interim Committee on Higher Education for the Alaska State Legislature. She was, therefore, thoroughly conversant with the issues and needs of Alaska post-secondary education. Gordon Jackson was elected Vice Chairman.

Although funds were limited, the Commission was able to employ an administrative assistant to work with Mrs. Banfield in preliminary organization of the Commission activities. Assistance was given also by the State Department of Education.

One of the most important first tasks of the Commission was to select a director. Following an exhaustive nationwide search, the Commission appointed Dr. Kerry Romesburg who had occupied a similar position in the state of Arizona. The following duties and responsibilities were assigned to this director:

> Directs the staff in the conduct of all studies, investigations, and programs for which the Commission is responsible.
>
> Develops and presents recommendations and proposals to the Commission, and assists it in evaluating alternatives in fulfilling its responsibilities.
>
> Conveys findings and recommendations of the Commission to educational institutions, to the Legislature, to the Governor, and to other public officials, and personally represents the Commission in seeking implementation of its findings and recommendations.
>
> Provides assistance and advice to the Commission, to the Commission's advisory committees, and to subcommittees.
>
> Assists the Commission in its review of budgetary proposals for post-secondary educational purposes.
>
> Supervises the preparation and presentation of budgetary proposals of the Commission.
>
> Serves as executive officer of the student financial aid committee.
>
> Appoints all members of the authorized staff of the Commission and assigns and delegates duties and responsibilities to them.

At the outset, the Commission had to locate space, equipment, and personnel. Because of the long delay in appointments to the Commission, some of the funds that had been budgeted for it had been transferred to other purposes during the long interim between the enactment of House Bill 180 in the 1974 legislative session and the appointment of the full slate of Commission members by May of 1975. The resultant shortage of funds meant that the Commission had to ask for budget readjustments and at the same time explore the possibility of acquiring Federal funds that might be available to carry out its work. Through Mrs. Banfield's efforts, the Commission was successful in obtaining $13,000 for administrative expenses under titles VI A and VII A from the United States Office of Education. This grant increased the State General Fund by $13,000. The Commission also assisted the University of Alaska at Fairbanks to obtain funds from Media and Closed Circuit television equipment from the Higher Education Facilities Act. Because the Commission had not been activated by the application due date, the University of Alaska applied for Title I Community Service Act Funding and was awarded a grant of $111,738. Of that amount $5,500 was for administration and expenses which had to be spent by June 30, 1975. This money lapsed into the general fund of the State but has been credited toward future expenses of the Commission. The balance became available for community service proposals by post-secondary educational institutions.

Positions budgeted for the Commission during FY 1975-76 include the director, a research analyst, a statistical clerk, and an administrative assistant. Additionally, the staff of the Student Financial Aid office was transferred from the Department of Education to the Commission. The Post-Secondary Education Commission assumed responsibility for the State scholarships and loans as a result of the enactment of legislation creating the Commission.

The State Scholarship Loan Program came under the jurisdiction of the Commission shortly after its formation in May. This program enables students wishing to finance their education to borrow, without interest, up to $2,500 annually for their undergraduate education, and $5,000 annually for graduate study. The loans have to be repaid in six years. A portion of the loans are forgiven if the students return to Alaska to take up residency. One of the first areas of review by the Commission was the report of the Legislative Budget and Audits Committee which found the following major deficiencies in the administration of the loan fund:

1. Collection procedures contingent upon notice from the student.
2. No tickler file or other chronological control of outstanding loans.
3. Only one billing sent to students.
4. No distinction between students making timely payments and students in arrears.
5. No formal procedures to enforce collection.
6. Sporadic review of student records for change in classification.
7. Collection procedures which are dependent upon proper and timely filing of student records.

The report showed that four out of five students with mature loans were in arrears on repaying these loans. Two-thirds of these students had made no payments by June 30, 1974. The legislative auditor wrote that students had not been notified that repayment was due when their loans matured, or collection had not been enforced after such notification. The Post-Secondary Commission must find a way of making certain that proper controls are placed on the Scholarship Loan Program, that a follow-up of all outstanding notes-receivable are made and that the original conditions of these loans are met by the students.

One of the functions of the committee is the regulation of post-secondary educational institutions. This function was granted initially by legislation to the State Department of Education, which, for the past several years has reviewed and approved diploma-granting institutions. Any institution that seeks to grant diplomas in the State of Alaska has had to comply with a set of specifications regarding its policies and regulations, its academic program, its schedule of fees and tuition, its courses, curriculum and instruction, and its financial condition. Specific regulations for approving such institutions are promulgated in the State code, Chapter 45 -- "Approval of Diploma-granting Institutions" and Chapter 47 -- "Regulation of Educational Institutions." Section 14.47.010 of Chapter 47 states, "No person may confer a diploma unless the person meets the requirements established by the Commission." These requirements take into consideration course offerings, facilities, financial stability, personnel, operating practices and admission practices. Exemptions to these requirements are (1) schools maintained by the United States, the State or political subdivisions; (2) schools approved by the Northwest Association of Secondary and Higher Schools; (3) schools maintained by employers for their own employees where no fee or tuition is charged; (4) courses of instruction on religious subjects which come under the auspices of a religious organization; and (5) courses of instruction by a fraternal society or benevolent order to its members. Although these regulations have served the State well in the past, because of the great degree of nationwide interest in Alaska today, a number of new schools are being established, such as religious post-secondary schools in

Fairbanks and Anchorage and such as schools created under the auspices of colleges and universities in other parts of the United States. As the Consultants, McLean Associates, stated in their report Higher Education in Alaska -- 1974-75, "Many quasi post-secondary institutions, some of which may be involved in consumer fraud, are looking at Alaska as a source of business." Testimony by attorneys of the Federal Trade Commission have revealed that private vocational schools are the least regulated industries in the country, and unscrupulous promoters prey on the unrealized dreams of the naive, unemployed and the poorly educated, making false promises of high salaries and lucrative positions for graduates. The new wealth in Alaska has lured out-of-state operations, some of which may be questionable. Although House Bill #143, "An Act relating to the regulation of post-secondary educational institutions," was re-introduced in the Ninth Legislature, unfortunately it failed. The intent of this Act was to consolidate regulations from prior Bills and to introduce additional controls which reduce the possibility of fraud.

The title of the Bill, "Regulation of Post-Secondary Education," was misunderstood by adherents of non-traditional education. To some proponents of responsible unique educational delivery systems for the native population, the term regulation appeared to be another repressive attempt to curtail educational opportunity.

The Consultants, McLean Associates, continue to urge that a strong anti-diploma-mill Bill be enacted. They feel such legislation is one of the highest priorities for the forthcoming legislative session.

During the formative period of the Alaska Commission on Post Secondary Education, the consultants, McLean and Associates, served in an advisory capacity and brought to the attention of the staff reports and activities of other commissions in other states. The consultant attended the preliminary organizational meeting in May and the second meeting of the Commission which was held in Anchorage on July 9 and 10, 1975. Also, the consultant assisted in the search for a director. The experience of the consultants in assisting post-secondary commissions (1202 Commission) in other states was shared with the chairman of the Alaska Commission on Post Secondary Education. It is gratifying to see the significant direction being taken by the commission. Without a doubt this commission will have a decided impact upon the orderly and cost-effective development of post-secondary education in Alaska. We are pleased to have had a role in the enactment of the legislation in 1974 and in the formation of the Commission in 1975.

The Commission is most fortunate to have a high-minded caliber of members, to have an experienced administrator in Dr. Kerry Romesburg who came from a similar position in Arizona, and to have the devoted leadership of an outstanding chairperson: Mrs. Mildred Banfield. To carry on the many urgently needed assignments it has assumed, the Commission must have substantially greater funding. It is anticipated that the Tenth Legislature will make certain that its activities are properly financed, since the most important role it can take in 1976 is to establish a five-year Master Plan for Post Secondary Education.

VI. COMMUNITY COLLEGES IN ALASKA

In the following pages is the result of a careful analysis of funding for the Community Colleges, an analysis which was requested specifically by the Legislative Interim Committee on Higher Education. This analysis should provide a basis for determination of equitable funding and even more importantly should serve as a provocative vehicle of discussion for the future statewide governance of the Community Colleges.

I. Scope of the Recommendations

The purpose of these recommendations is to improve the funding of the public community colleges of Alaska. These community colleges now make up a sizeable percent of the Alaskan public higher education enrollment and expenditures. With rapid and significant changes occurring in the Alaskan economy, in social and cultural patterns, and in state financing, it is most appropriate to give special consideration to the functions and the financing of community colleges. The State Government (governor and legislature), the newly established Post-secondary Education Commission, and the Board of Trustees of the University of Alaska have in the community colleges an excellent opportunity to improve the skills and personal lives of thousands of Alaska citizens.

After studying the previous development of public and private higher education in Alaska, and after considering the current developments, it became clear that the funding of the community colleges should be reviewed in the broader sense rather than only matters of budget formula, procedures, and distribution of funds. The formulae and procedures developed and used depend heavily on basic policy decisions. The policies are more fundamental to adequate or inadequate financial support for the community colleges than formulae and procedures, although the latter can be an asset or a detriment to an adequate funding level.

Several, but not all the fundamental policy decisions which relate to funding involve decisions pertaining to the size of each community college; the type of curricula and program role assigned to the community colleges collectively; the extent of non-credit offerings; role and function in adult basic education; type and extent of facilities; the quality level Alaskans desire for postsecondary education; cost of living, the density of population; the terrain; the emphasis Alaskans wish to place on high cost University research and training versus training for jobs not requiring the bachelor degree.

It is apparent to the native Alaskan as well as to an observant outsider, that all these and other differing influences on funding are in operation in Alaska. In addition, there are the very practical problems of: 1) funding the community colleges within the University of Alaska System (budget and programs), 2) technique of budget preparation to prepare a budget for all public higher education within the state budget structure, and 3)preparation of a budget and an expenditure record which easily and clearly indicates to legislators for what purposes the funds are requested and those funds approved, expended.

This report shall set forth a set of recommendations, a set of influences which determine funding and funding processes and supportive and explanatory comments relative to the recommendation. It shall also give attention to processes and approaches which might be used to improve the entire funding-budget operation of community colleges in Alaska.

II. Recommendations

1. The budget process and the forms used should indicate clearly for what purposes, programs, and functions funds are being requested, and, in addition, make evident in an easily understood manner the changes from the previous budget request for funds for the next fiscal year.
2. The Postsecondary Education Commission should review the proposed budgets of the respective units in public higher education filing with the Governor and the Legislature a budget reflecting its preference as to new programs, services, and functions, and where advisable, a shift in current functions, services, and programs.
3. A new legislative act should be passed by the Legislature and signed by the Governor which clearly defines the role of Alaskan Community Colleges as comprehensive public community colleges with specific references in the act to basic adult education, public service, technical vocational education, job and skill training (credit and non-credit), adult education generally as well as the general education and transfer functions.
4. The Postsecondary Education Commission should undertake an effective, concise training program involving the Governor, appropriate staff in the Governor's office, legislators, and civic-business-labor leaders in Alaska which would result in a full understanding of the functions and purposes of a comprehensive public community college for without such insight adequate and proper decisions concerning

funding of community colleges is not likely to occur.

5. No new community college should be established until the Postsecondary Education Commission has filed a statement pertaining to such a proposed action with the Governor and the appropriate state legislative committee.

6. The legislative act proposed for the establishment of a new community college should set forth a projected operating budget for the first three years of operation, the initial curricula and programs, funds for facilities, and further, whenever possible, there should be a one year lead time from enactment and authorizations to admittance of the first class.

7. The Postsecondary Education Commission should request each community college to develop a five year master plan beginning with the academic year 1977-78, and then request an up-date every two years thereafter.

8. Appropriated funds should be allocated in a manner which closely relates to the original request, unless there are major reasons the Legislature, the Governor, or the Postsecondary Education Commission can identify calling for changes in the budget submitted by the community colleges.

9. The master plan for each community college should contain a mission statement outlining the general and the specific functions of that particular community college serving its particular region, this mission statement being used also in a variety of ways as a public information document.

10. Community college directors, not just the University of Alaska officials or, in the future, members of the Postsecondary Education Commission staff, should be involved in presenting the annual operating budget of the community colleges to the legislative appropriations committee, state budget staff, and appropriate members of the Governor's staff.

11. As much of the vocational-occupational training, credit and non-credit, which is clearly not being done by K-12 programs and is not appropriate for K-12 or which is upper collegiate level (Junior-Senior) or graduate level, should be assigned to the public community colleges as a means of improving structure and efficiency in providing adult and vocational education the major part of which for a good many years in Alaska will involve less than Junior-Senior level college courses and curricula.

12. Funding support for the community colleges must be based on the recognition that there are several basic administrative and teaching positions in starting each new community college and in its first few years of operation.

13. Funding of new or small community colleges must be at a level that indicates clearly to the populace being served that necessary required courses for degrees and certificates shall be offered on schedule, that there shall be adequate library and media resources, laboratories, equipment, and that there shall be adequate academic counseling.

14. A community college below five hundred full-time equated students should not be placed on the same formula basis with the University of Alaska at Fairbanks or the larger community colleges in initiating its request for operating funds.

15. The community colleges should submit their initial budget using the WICHE categories starting with the current positions and expenditures and then listing the specific personnel requests for expansion of services, programs, functions, equipment, and enrollment increase within each WICHE category except, obviously, details of supplies and equipment of a minor nature.

16. For community colleges under five hundred full-time equated students the Resource Requirement Instruction Model or any budget formulae should not precede the initial budget request but follow with a recognized base of operation with the budget formulae used subsequently adapted to that base, and then related effectively to the overall requests presented as the higher education operating budget for community colleges.

17. The Resource Requirement Instruction Model formulae may be a usable budget process for the larger community colleges such as Anchorage Community College, and hence used in such instances in working comparative budget figures among the larger community colleges in Alaska in the years ahead.

18. Those determining the funding for community colleges must recognize as a very minimum: different cost levels for the various curricula

(i.e., an allied health curricula versus a general education degree curricula;) differences in salary levels as set forth for the various regions by the union contract; the different cost of utilities region by region; size of the colleges; any special geographic factors; plus, as best possible, the many other items listed in the section entitled "Influences on Level of Funding and Processes of Funding."

19. The Postsecondary Education Commission should by 9/1/76 complete a thorough review of the assignment of funds among the community colleges and between the community colleges and the other units of the University of Alaska to make certain that historical and traditional patterns of funding do not continue to make themselves dominant over fresh, new thinking and the current and future educational needs which involve curricula, services and functions best provided by a system of comprehensive two year community colleges.

20. The trustees of the University of Alaska, its president, and the Postsecondary Education Commission, the Governor, and the Legislature must by all means take steps to expand considerably the capital fund support for the community colleges, and, along with this provide high quality assistance in the design and planning of each facility constructed.

21. A system must be devised and fully accepted by all University and state budget officials by which non-credit courses and training

functions offered within the public higher education system are converted to credit hours or all agencies involved recognize non-credit work should be on an actual cost basis using the preceding year as a base for the following year with a reasonable projected expansion.

22. Budget information in the preparation of requests and in the distribution of funds should be shared among all the directors of the community colleges so a better understanding can occur among them and between them and other University officials and state budget officials as to the nature of all requests and the basis of decisions in changing the initial requests.

23. Computer terminals and/or computers should be available for each community college allowing it to prepare basic data information required by the Fairbanks campus staff, state government staff, and the Postsecondary Education Commission, and subsequently, each community college director should receive copies of similar data of all other community colleges and the University pertaining to budget, faculty, staff, student enrollment, and utilization of space.

24. Whenever any of the community colleges provide programs, instructors, or administrative services for the upper level or graduate division of the University of Alaska, such functions should be costed out in advance and additional funds provided the community college for performing them.

25. The Postsecondary Education Commission should by September, 1976, after consultation with the units of public higher education, set forth the content and definitions for a basic data bank for all the postsecondary education units.

26. Each community college director should have the authority to change expenditure of appropriated funds for each fiscal year within or between each of the major WICHE categories without seeking approval elsewhere except in any amount over $10,000 in which instance he/she should secure approval from the president of the University of Alaska, or, if the community colleges are later to be separate from the University, from the director of the community college system.

27. The overall budget for the community colleges should carry a reserve of ½% which can be assigned by the governing board or the chief executive officer of the system to a particular community college or a project of the community colleges not identified as part of the original annual programs of the community colleges.

28. Local or burrough contributions to a community college for non-credit courses, programs and community services of various types, should be encouraged with each community college submitting annually an account of how such funds received were used; however, this type of support and its extent must not be accepted by University officials or state officials or the state legislators as a full substitute for the state's obligation to provide the community colleges funds to offer

public service and non-credit training courses and programs.

29. Each community college requesting the funding of a new associate degree program should submit a three year estimate of costs.

30. The overall budget for the community colleges should provide a flat percent (i.e. 2%) for faculty and staff improvement and orientation to the nature of community college clientele in Alaska.

31. Each community college should have an advisory council with the larger community colleges having a group of advisory councils by academic areas such advisory councils being financed to the extent they can be effective in an advisory role.

32. Consideration must be given to the advisability of dormitories (state owned or leased) for: 1) community colleges serving sparsely populated areas spread over a large geographic area, and 2) community colleges which may, by a decision well made, be the only community college in a region to offer a particular curricula.

33. Since the Postsecondary Education Commission to coordinate public higher education in Alaska is established and functioning, it is recommended that within a three year period the Alaska community colleges be provided their own governing board.

34. There must be additional consideration and exploration of the different levels of teaching load, including provisions in the union contract for community colleges.

III. Influences on Level of Funding and Process of Funding

The purpose of this section is to list a high percentage of the many economic, social, political, governmental, and technical activities which continually influence the funds provided for a system of community colleges and the processes by which these funds are sought and acquired.

It is fully realized that most of the professional staff, a number of the legislators, some of the state administrative personnel and members of the newly established Postsecondary Education Commission are aware of these. Nevertheless, there are two conditions which exist. One, several individuals who will refer or be referred at some point to this report will not have had the occasion for a variety of logical and understandable reasons to have thought extensively about the ingredients which influence funding levels and funding processes of public community colleges. Two, anyone already involved in public higher education activities as a professional, a legislator, a trustee, or a state official needs to be reminded of the nature and diversity of these influences. It is too easy to continue to operate on the basis of tradition and within our own reference framework (jobs or day by day responsibilities). It is also a means to emphasize a fundamental point which will appear several times in various ways in the total report, namely, that the pressure for budget formulae in budget requests should not dominate in a manner which makes obscure the actual program and service needs--therefore, the funding needs--of the community colleges.

The funding and funding processes for public community colleges in Alaska should at some point recognize these conditioning influences:

1. The varying cost of curricula
2. The percent of total enrollment in each major curricula

3. The percent of high cost, low cost, and medium cost curricula as part of the total academic program

4. The emphasis on academic and career testing and counseling which is demanded by the open door and adult education philosophy of the public community colleges

5. The different enrollment and professional staff levels of the community colleges

6. The content of the union contract – for all community colleges, and any provisions which apply to a particular community college

7. The role assigned the community colleges for the G.E.D. certificate

8. The role assigned the community colleges in adult education, credit and noncredit, involving mostly part-time enrollment

9. Recognition of the fact it is nearly or equal in time and effect for a community college to keep the personnel records of part time students as it is for full time students

10. Recognition that space requirements for parking of cars may be more extensive with a high percent of part-time enrollment

11. That dorms may be appropriate for some of the community colleges with specialized programs, or, when located in isolated areas where transportation is not available at reasonable cost or just not available daily or the geographic area is extensive (i.e. Bethel area)

12. The value of some local or regional support, particularly in non-credit activities.

13. Input for determination of curricula and programs and functions of each community college by the local advisory council and/or related local personnel interest

14. The difference in utility cost in each area where a community college is located

15. The difference in size and type of plant of each community college and thereby the difference in cost per square foot to maintain

16. The difference in cost of living and thereby the salary levels reflected in the union contract

17. Basic administrative positions and teaching positions needed by any community college to start and function even with a low enrollment and the impact of this on cost per full-time equated student

18. The density of population being served

19. The accessibility or lack of it of students to a campus versus the need to take education to small units of the population in the geographic areas being served

20. The rapidly changing social and economic conditions in our present society or in a particular region of Alaska, and therefore, the need to initiate new activities or curricula in a short span of time

21. The applicability and use of modern media (i.e. satellite television, etc.) and the impact of its cost on public community colleges assigned to use it more extensively than other community colleges

22. The pressures from the University of Alaska staff and faculty in Fairbanks to receive the dominate share-"its fair share"-of the total postsecondary higher education budget

23. The tendency for some legislators, as graduates of the University of Alaska (or Anchorage), familiar with the University and its programs and some of its professional staff, to continue preference in funding support for the University as opposed to the new, fledgling public community colleges

24. The pressure of state officials and therefore University officials to develop and to use formulae for funding which forces all public higher education units into a common funding request pattern, which even with some modifications does not recognize the vast differences in characteristics of the several community colleges

25. The reluctance of some college officials to accept formulae – with adjustments – as a means to compute and prepare budget requests, and subsequently, to distribute funds appropriated

26. The effort to be made (provided for by state funding) or not made to secure federal funds

27. The reluctance of established segments accustomed to controlling federal funds, to share with the public community colleges

28. The pressure from the taxpayer to keep state taxes at a reasonable level

29. The competition from other state agencies for the state tax dollar and this difficult problem the Governor and the Legislature faces in these competitive pressures

30. The tendency of many state officials and legislators not to study and learn about the true nature of a public community college and hence

fail to understand the request for funds

31. The tendency in usual practices for the Governor and the key legislative leaders of both dominate political parties to be unaccessible to community college top level personnel; therefore, a lack of direct discussion between those most involved in the community colleges and the decision making personnel occurs which in turn affects funding

32. The lack of a strong, challenging group of private colleges in Alaska

33. The impact - if it occurs - of most of the K-12 education program cost being funded by the State of Alaska

34. The increasing influence of the Native Indian organization and forces

35. The delay in receiving tax funds from the operation of the oil pipeline and the projected current state debt and a lack of increase for the present in sources of state revenue

36. The philosophy of the Governor and the dominate political party toward public higher education in general, toward public higher education versus other state agency needs, toward the community colleges versus other units of public higher education

37. The increased emphasis on community schools and community school related programs and activities and how these are to be related to the community colleges and their activities and programs

38. The need to conform to federal agency formulae for information and data

IV. Comments on Recommendations

Recommendation No. 1

The budget process and the forms used in it should indicate clearly for what programs, services, and functions funds are being requested, and, in addition, make evident in an easily understood manner the changes from the previous budget request for funds for the next fiscal year.

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The present budget forms used at various levels reflect a high degree of competency and up-date in budget processes. A conscientious effort has been made to bring consistency where possible and to provide some explanatory comments. For the University and/or state budget staff the current documents are undoubtedly usable. Professional staff are, therefore, able to locate specific factual information on most aspects of public higher education quite easily. A budget for a particular community college is shown in the operating budget document by major functional categories (i.e. library). The forms also provide information on enrollment, cost per SCH, increase in staff as well as current staff positions, etc. An explanation as to purpose is provided (i.e. research for the University of Alaska). Explanations are provided comparing the agency request against the Governor's recommendations to the Legislature. These and other types of information are helpful and may be adequate. Yet, there needs to be improvement in these areas;

Information for effective use by legislators

Information for effective use by the public

Organization reflecting better the costs of the total instructional effort

A better means for directors of the community colleges to present needs and the funds requested for them

A legislature consists of individuals with varied backgrounds and experiences and abilities. Few legislators have been budget analysts or professional educators. This fact is too often overlooked; therefore, legislators are asked to support requests for additional funds and new programs based largely on written budget and educational formulae, although on occasion verbalization of such requests in testimony before legislative committees occurs. The fact is, however, that the higher education budget in most states including Alaska, is so condensed and summarized in page after page that except for a few legislators working primarily in legislation for education, the analysis of the education budget or any major segment of state budget, becomes a time consuming and often frustrating task. For example, one can take the material on a particular community college and note the changes recommended for library, media, plant, instruction as to dollars and number of positions. A legislator willing to spend the time can come up with additional dollar figures and additional positions. By making his/her own tabulation, he/she has a reasonable idea in which area most of the funds are being spent and new funds to be used; however, this effort by the individual legislator really does not produce answers to questions such as: Why six more custodians? Why a 40% increase in physical plant costs against another community college of 15%? Why a 35% increase in library costs? Nor do the budget sheets reflect adequately new degree programs or community service programs and personnel specifically related to them.

The postsecondary level public higher education activities in Alaska will exist on a modest scale for many years to come compared with states such as California, Illinois, New York, and Texas. It is possible therefore, to provide information for legislators in a non-budget form, as well as the usual budget process, which will be informative, meaningful, and easily used by the Governor, legislators, the Postsecondary Education Commission, the press and interested public.

It is recommended, therefore, that the director of each community college develop annually a narrative-factual statement which explains the requests for additional funds, programs, supplies, equipment, plant operation, and positions for the next fiscal year. For most of the community colleges this can be done in three pages or less of typewritten material. I suggest that such a statement be used to which is added a page by the president of the University of Alaska indicating in which ways he and the Board of Trustees supported or did not support the initial request. The advantage to such an approach is that it provides the very important ingredient of meaningful relationship and understandability to the budget request. It allows the proponents - and the reader - to see the relationship of new programs, a new facility, additional staff, and the funding requested for them. What the college staff is developing and projecting can be stated with all proposed changes related and explained in the context of effective planning for the region of Alaska being served by that particular community college.

The data developed will be consistent with that used by the University of Alaska budget staff and certainly the president will have reasons for his/her deletions or additions. The directors, the legislators, and the public are entitled to know why changes were made by the president and the University Board of Trustees from the initial request just as the president of the University, the legislators and the public are entitled to know on what basis the requests were made by the director of the community college.

Such a process also produces finally a document easily - and hopefully more accurately used by the media - and also, a format more usable and meaningful for the public.

The current budget documents, or as revised, can continue to reflect the details and statistics consistent with the narrative explanation and possess the additional detail required by budget staff of the University and/or the state capitol. One of two formats might be used. These narrative explanations for all public community colleges could be placed together as a separate document, or they could be inserted before each section in the state budget document used by the legislature in making the operational budget and approving it.

Summary: Governors and legislators have many difficult decisions to make. The proponents of programs have the responsibility to speak up in an effective manner in behalf of the people their agency is to serve. In essence, the people as well as agency heads are in competition among themselves for use of available funds. The Governor and the legislators are elected to make selections and to give emphasis in the various programs and functions of state government. The agency serves people best when it proposes its new and expanded programs and functions in an effective, informative, but concise manner. The legislators and the Governor can make more responsive decisions if they can readily know the intent and scope of new requests as well as the on-going programs and functions.

The thrust and impact of agency requests must not be lost in the maze of budget formats and documents. The legislator should not be required to sort out the thrust and impact from page after page of statistics and facts.

Recommendation No. 2

> The Postsecondary Education Commission should review the proposed budgets of the respective higher education units filing with the Governor and the Legislature, a budget reflecting its preferences as to new programs, services, and functions, and where advisable, a shift in current functions, services and programs.

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The very nature of the history, tradition, and the basis of selecting members of the Board of Trustees for the University of Alaska serves best the University of Alaska as the entire or sole organization carrying on public postsecondary education within the geographical area of Alaska*. The newly established Postsecondary Education Commission has a more sweeping responsibility. It is not charged with operational responsibilities and intense, in-depth knowledge of the total University of Alaska budget. The legislation establishing the Postsecondary Education Commission and the nature of its membership reflect the fundamental need to relate public higher education to the overall developmental needs of Alaska.

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*This statement is not intended to eliminate the concept that university trustees also give consideration to taxpayers and the need to, on occasion, not forward to the Legislature all fund requests of university officials.

Professional educators, even when trying conscientiously to relate education to societal needs may continue to be oriented too extensively to research, student on campus services, and formalized education. On occasion, educators do not move from what they have been doing to a more pressing program of service needed by society. Such a tendency to perpetuate on-going practices or to be self-centered exists frequently also in governing boards of universities and colleges.

It would seem, therefore, that one of the major tasks of the Postsecondary Education Commission will be to relate carefully the proposed higher education budget to educational and training needs of the majority of the people of Alaska, and the state's business, economic and social problems. It will need also to make a determination that the public community colleges are receiving sufficient operational and facility funds to do the tasks assigned to them by legislation for however well the present University of Alaska officials in Fairbanks may indicate a desire and a willingness to shift their thinking and areas of responsibility, it is unlikely this will occur sufficiently without prodding by the Postsecondary Education Commission.

Summary: The members of the Postsecondary Education Commission will always possess experiences and knowledge and a connection with the people of the state which will provide a perspective on the functions of higher education in part different from the professional educators. This is as it should be. The Postsecondary Education Commission is also free from close ties with any one unit or system of colleges. This will enhance its objectivity. The suggestions and recommendations of the Postsecondary Education Commission should receive, therefore, sincere and thorough consideration by the Governor, members of the State Legislature, and state budget officials.

Recommendation No. 3

> A new legislative act should be passed by the Legislature and signed by the Governor which clearly defines the role of Alaska Community Colleges as comprehensive public community colleges with specific references in the act to basic adult education, public service, technical vocational education, job and skill training (credit and non-credit), adult education generally as well as general education and transfer functions.

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Recommendations Nos. 5, 6, 11, 28, 29, 31, 32, and 33 have suggestions pertaining to the functions of community colleges and the structure for operation of a system of community colleges; therefore, a detailed comment on a new act for community colleges is not being made here.

The new act should state the mission in comprehensive terms and definitions rather than narrow. If jurisdictional disputes with the University of Alaska (the four year and graduate components) occur with the community college component in operations, these should be resolved by action of the Board of Trustees and/or the Postsecondary Education Commission. Legislation which is limiting can leave a void in services rendered the people by all the public higher education units. This should be avoided.

Recommendation No. 4

> The Postsecondary Education Commission should undertake an effective, concise training program involving the Governor, appropriate staff in the Governor's office, legislators, and civic-business-labor leaders in Alaska which would result in a full understanding of the functions and purposes of a comprehensive public community college for without such insight adequate and proper decisions concerning funding of community colleges is not likely to occur.

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This recommendation is largely self-explanatory. It is also stated with no intent to insult. We all tend to operate within a particular frame of reference (experiences and knowledge) until it is expanded by additional input. Business, industry, and labor spend literally millions of dollars each year informing the public in general, but more specifically government officials and legislators by direct contact, of their purpose or function in American society and, therefore, their needs and desires.

Among many legislators in many states and among state officials there is a lack of knowledge and understanding as to the purpose and function of a public community college. Most current legislative, business and labor leaders, and state officials never attended a community college -- largely because the community colleges did not exist when they received their postsecondary formal education. There is confusion about the open door policy and selectivity for certain skill programs, the drop out rate, the low percent of graduates each year against total enrollment, etc. Most legislators and state officials, and business-labor-industry leaders, have not studied a community college catalog of a well established comprehensive community college. They have not visited a campus, have not seen in operation an extensive community service non-credit program of a community college. Their traditional concept of bachelor degree level higher education, public or private, tends to dominate their thinking.

The State of Alaska has wisely determined to have public community colleges in Alaska. Need for them exists. A considerable part of the public higher education budget now goes to community colleges. The community colleges are far from doing all they can effectively accomplish for the people of Alaska. Even if we assume the State of Alaska can never provide sufficient funds to the community colleges to accomplish all this type of education unit should, those funds in the millions of dollars appropriated and spent for higher education for the next decade and more should reflect the best decision making possible. The best possible decisions will not occur if there is uncertainty and confusion as to the role and function of community colleges or any unit of public higher education in Alaska. Further, experience shows that people tend not to support well what they do not understand.

Summary: The Postsecondary Education Commission as a unit responsible for all public higher education can best provide the means and format for an informative effort which clearly sets forth the role and functions of public community colleges calling upon instate and out-of-state community college leaders and perhaps a higher education chancellor of a coordinating higher education commission.

Recommendation No. 5

> No new Community college should be established until the Postsecondary Education Commission has filed a statement pertaining to such a proposed action with the Governor and the appropriate state legislative committee.

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The establishment of a new community college has an impact on every other community college and the entire operation of the University of Alaska. Any additional community colleges will cost the Alaska taxpayer the yearly operating cost plus funds for buildings. Each new community college adds to the total budget request for public higher education. At any given time in the evolution and development of Alaskan society the five hundred thousand dollars or more in yearly operating cost to launch a new community college might be five hundred thousand dollars that could be spent more effectively to initiate or expand programs, services, and functions of existing community colleges or other programs, services, and functions of the University of Alaska.

The Governor and legislature should expect and should appreciate recommendations with facts and evaluative information regarding the establishment of a new community college. All existing education programs of the University of Alaska, the people heading them and the people being served by them, are entitled to the best evaluation possible of a project which will be in competition for the limited funds the State Legislature and Governor can allocate to public higher education.

Coordination and objectivity in compiling and presenting are important assets of a Postsecondary Education Commission. This resource should be used.

Summary: The people of Alaska elect the Governor and the legislators. It is recognized in the last analysis these individuals make the decisions on funding of agencies in their total functions. The Governor and the Legislature, however, have the responsibility to use resources of information and knowledge they themselves have created; therefore, they should not make in this case, decisions to establish or not establish a new community college without considering recommendations by the Postsecondary Education Commission.

Recommendation No. 6

> The legislative act proposed for the establishment of a new community college should include a projected operating budget for the first three years of operation, the initial curricula and programs, funds for facilities, and further, whenever possible, there should be

a one year lead time from enactment and authorization to admittance of the first class.

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The point has been stressed (Comments on Rec. No. 5) that establishment of an additional community college is very apt to have a noticeable impact on the units of public higher education in existence. No one should be deceived as to the costs of starting a new community college. Certainly legislators should not. The Legislature should insist, along with the Board of Trustees of the University of Alaska and the Postsecondary Education Commission, there be laid out in a clear and understandable format the total cost of facilities, personnel needed, a fund for supplies and equipment. Further, this should be projected for three years even though the actual appropriation may be for only the first year.

What has happened too often in those states with a totally state supported system for community colleges is the tendency for legislators to respond to local pressure (or their own desires) to start a community college without realization of the high cost per student involved to launch a community college, particularly in geographic areas where population is neither dense or extensive in total numbers.

Educators and legislators need to protect one another from the various pressures to respond to the demand for additional community colleges while at the same time providing responses to justified demands by a particular region of the state for a community college. The best way to do this, along with looking at the needs of the people which should also be outlined in the original request, is to plot out the actual costs. Then ask:

Can the state afford it?

Will its establishment and growth jeopardize worthwhile on-going educational programs? If the answer to the last question is yes, there must then occur careful evaluation before a decision is made to proceed including determining a source of additional funds.

Summary: On-going programs of public higher education can be negatively affected by the starting of a new community college which may be the best decision. If it is, the impact should be assessed and planned for. Further, no new community college should be started without the State Legislature knowing the full cost as best can be estimated for the first three years of operation. Each new college needs to be adequately funded. The future students are entitled to have a new community college launched in an adequate fashion, not just the first year, but for the first several years so the college can make the necessary move to offer a reasonable set of courses, curricula, and student services.

Recommendation No. 7

> The Postsecondary Education Commission should request each community college to develop a five year master plan beginning with the academic year 1977-78, and then request an up-date every two years thereafter.

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Planning for facilities and programs and services in an effective and responsive manner requires a considerable amount of analysis of the dozens of developments which relate to the establishment and operation of community colleges. The influencing conditions stem from regional, state and federal sources. Again the realization that state funds will not be ample to meet all identified needs and desires, makes it a necessity for selectivity to exist. Such selectivity should not occur solely in the midst of a legislative session, particularly in the hectic moments of putting a budget together in meeting a time deadline. Using the knowledge of the professional staff and local-regional advisory council the Postsecondary Education Commission must take the initiative in having all public and private higher education units plan growth and expansion related to needs of the region served.

A proposed master plan approach should then be used as a means for interaction in determining what programs, services and expanded functions should be placed before each legislature for consideration.

The request by the Postsecondary Education Commission will force additional planning and analysis. It will provide the Postsecondary Education Commission members with knowledge and insight which can make decisions pertaining to the annual budgets less hectic and frustrating. It will assist staff at the colleges in using time and effort for detailed planning for programs that are most apt to be initiated having been identified as acceptable and supported by the Postsecondary Education Commission.

A brief warning. In this process the PEC members and staff must realize that on occasion a change in developments in the economic life of a region may occur rather suddenly and cause a different priority in programs.

if such occurs, is identified adequately by the college staff, the PEC should not assume inadequate planning by the college existed.

Summary: Planning and projections should be initiated in each operating unit and coordinated in a proposed five year master plan for each community college which should evaluate the proposals and approve a five year operating plan for each community college as to programs, basic services, basic functions, and projections in enrollments and facility needs. This process should make annual budget considerations more effective and efficient. The PEC in the process should give careful consideration to overall state developments and the impact of our national societal trends. Master planning should not become so fixed, however, as to prevent necessary adjustments reflecting specific or unexpected trends or developments.

Recommendation No. 8

> Appropriated funds should be allocated in a manner which relates closely to the original request, unless there are major reasons the Legislature, the Governor, or the PEC can identify calling for change in the budgets submitted by the community colleges.

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The major purpose of employment of competent directors and staff at community colleges (or any state agency) is, obviously, to provide effective administration. This means college officials have useful knowledge and experience and information concerning the people and the region that a particular community college is to serve. All humans make some errors in judgments and decisions. A community college director will, therefore, make some errors in decisions and recommendations. Second guessing without better facts and information by University officials in Fairbanks, or state budget staff, legislators, a governor, or member of a coordinating commission should, however, be avoided.

It is also understood that legislators, the governor, members of a coordinating commission, the president of the University may have information, insight, and facts about the overall needs of the state not possessed by a director of a community college.

There must be a basis for both sets of sources of experience and knowledge to interact and to be used.

If there are overriding reasons, as the budget is advanced each level, to change the budget request, then the proponents of the original request level are entitled to know the reasons for elimination of certain proposed programs, functions, or services. If those making the cuts in the request do not have a professional or personal preference, it being a question of a lower expenditure level, then the community college director should have the opportunity to select the items to be deleted.

One process used by some states is to require a priority listing for new programs, proposed functions, and services. This serves as a guide to each official working with the proposed budget. Such a procedure is sometimes helpful in the hectic moments of legislative sessions. Priorities are usually helpful to each agency reviewing the request.

The inherent danger in a priority listing process is the tendency to conclude that priority 6 or priority 7 of a list of ten isn't really so important. It may be very important. If a priority system is used, those reviewing budget requests and making decisions on deletion of items (funds) must realize that priorities 5, 6 and 7 of one state agency may be more vital to the people than priorities 2 and 3 of another state agency. Such agency heads, the Governor, the Legislature are already faced with a selection, deletion process. A priority listing should not make comparisons more complex. It may assist in determining within an agency's proposal what should remain or be deleted.

Summary: Agency heads and sub-agency heads are presumably selected for qualities they possess in experience and training and knowledge, and more specifically, in the case of community colleges, of the regions being served and how a community college can best serve that need. The entire budget process and decision making in regard to reductions or major changes to original requests should provide means to use this know-how. Changes in the original request of a particular community college by the president of the University of Alaska, by the University of Alaska Board of Trustees, by the Postsecondary Education Commission, by the Governor, and by the Legislature, if not consistent with the priority list submitted by the director, should be based on identified facts and information or clearly reflect a priority related to that of another education unit or state agency. Agency heads are usually willing to accept a lower level of funding than the original request if there is adequate means to present that original request and opportunity subsequently to have input into the process to eliminate funds. The inexcusable situation and subsequent demoralizing frustrations, and oftentimes real disservice to people in a region, comes when a particular program, additional service, or function is eliminated on the top level when a local college preference would be to have had another proposed program, service, or function postponed to a future date.

Lastly, in using a priority listing as the original budget is submitted, or, in subsequently asking for a priority rating, those requesting such a selective process must guard against the assumption that proposal no. 6 in a list of seven priorities is not needed.

Recommendation No. 9

> The master plan for each community college should contain a mission statement outlining the general and the specific functions of that particular community college serving its particular region this mission statement being used also in a variety of ways as a public information document.

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While public comprehensive community colleges all have the same general overall functions within a particular state (and to a large extent nationally) each region or community served has its very own immediate needs and long term special needs to be served by a public community college; therefore, particularly, in the early stages, each college must identify what is most important to achieve. Its mission statement should indicate the nature of the total effort to be made. An agriculturally oriented community or region should, for example, have programs launched which are needed to either 1) advance that activity, or 2) help train people for new economic activities needed to balance the total economic effort, or 3) both. In any event, what emphasis in program and service developments are peculiar to that region should be identified and a mission statement reveal the nature of the thrust to be made in programs, services, and functions.

This statement, if well done, will make it much easier for University officials, members of the PEC, and the Legislature to relate plans for development and budget requests.

Recommendation No. 10

> Community college directors, not just University of Alaska officials, or, in the future, members of the PEC staff, should be involved directly in presenting the annual operating budget of the community colleges to state budget staff, the legislative appropriations committee, and appropriate members of the Governor's staff.

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The concern of Thomas Jefferson that government and governmental decisions tend to move too far from the people most affected by decisions and policies applies to this recommendation. The people in a region served by a community college are the ones usually most directly affected by favorable or unfavorable decisions by the state government in reference to a particular proposed service, program, or function for them. It is certainly encouraged that the Legislature use means to receive input from the people in a variety of ways. Such a process of democracy is essential for legislators and the success of government. It is assumed that this is fully recognized.

It may not be recognized that a director of a community college is usually the best equipped person to relate the needs and interests of the people in the region served by a community college to the programs, services, and functions needed to be offered by the college to meet these needs and interests, the type of professional staff and equipment needed, and the financial costs. Obviously, in the process the director may need to draw on the expertise of several sources: however, it is his/her task to put it all together in a meaningful budget-program request. Ultimately he knows more first hand information about the budget request and its relation to on-going and new activities than anyone else. It should be the director then who has the "feel," the knowledge of the intensity of the needs of the people his college serves, plus the facts, to speak directly to key state officials concerning the budget for the college he/she heads. Local legislators should assist directors in making arrangements to appear before the appropriate legislative committees. The president of the University of Alaska should do what he can to assist the directors in having the opportunity to speak directly to the budget committee of the Board of Trustees of the University of Alaska, or to the entire membership.

Summary: Budget forms have a strong tendency not to carry forward to the recipients the intensity of need or the insight of how a new program or activity may benefit people. Written comments in narrative form can do better than figures and forms. The best means is by verbal presentation, discussion, questions and answers. Such direct exchange should occur at some point between those most knowledgeable and the ones making the decisions as to type and level of funding.

Recommendation No. 11

> As much of the vocational-occupational training, credit and non-credit, which is clearly not being done by K-12 programs and is not appropriate for K-12 or which is upper collegiate level (junior-senior) or graduate level, should be assigned to the public community colleges as a means of improving structure and efficiency in providing adult and vocational education the major part of which for many years in Alaska will involve less than junior-senior level college courses and curricula.

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One of the most fundamental functions of a public community college is to provide credit and non-credit training and education to part-time students of all ages and backgrounds. Alaska has an opportunity with its small population, regardless of problems of terrain and topography, to consolidate its adult education activities and services into two main agencies; the community colleges and the University of Alaska.* The University of Alaska at Fairbanks - the home base of the University of Alaska administration - should continue to oversee and to operate programs, courses, and functions closely related to research and highly specialized services and a great number of the needed special joint activities with federal government agencies. For the vast majority of Alaskans the courses, training, services needed are those within the mission of the community college. Using a community college in each major region of the state will be one of the most efficient and effective means for the state to provide job training, certificate programs, and GED effort, community services for personal improvement and social-cultural development.

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*Use of two headings--community colleges and the University of Alaska--as delivery systems for different types and levels of service even though they are part of the total operation of the overall structure of the University of Alaska.

Summary: The state has made important steps to coordinate community college and University of Alaska efforts within three major regions of the state. The PEC and a new community college bill should now deliniate clearly total community college functions, giving special attention to vocational education programs, services, and funding. Such action will make much clearer what community colleges should do in planning and in budget requests. The University of Alaska Board of Trustees will have better guidance in recommending an operating budget for the community colleges to the Governor and the Legislature.

Recommendation No. 12

Funding support for the community colleges must be based on the recognition there are several basic administrative and teaching positions in starting each community college and in its first few years of operation.

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Recommendation No. 13

Funding of a new or small community college must be at a level that indicates clearly to the populace being served that necessary required courses for degrees and certificates shall be offered on schedule, that there shall be adequate library and media resources, laboratories, and equipment and that there shall be adequate academic counseling.

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It is recognized that in the early stages of any community college, administrative staff, and to some extent faculty, must perform more than a narrowly defined function. An individual who might prefer to be only a director of admissions may need to serve also as registrar. It is probably also a wise move to employ administrators who can teach effectively in a subject area, and also, to secure one or two faculty who have the necessary knowledge and training to counsel or to carry out the function of an administrative position. But even granted such common sense is used by the director in securing the first several members of the college staff and faculty, the fact remains certain key functions are fundamental. They should be carried out effectively and fully. For example, seldom is sufficient attention and staff given to the budget and accounting operations of a college in its early years. Inadequate keeping of financial records occurs. This hampers the president of the college in making future projections.

Likewise, in the area of teaching, people in the community soon become aware of the fact that there is not available a full-time science teacher or a math teacher or full-time faculty in English and literature.

They will note if instructors need to be secured, often shortly before classes are to start, in a rather haphazard manner and at low cost. Apprehension exists. There is uncertainty by individuals about launching a two year associate degree program or starting a one year certificate program.

It is legally not possible for a state government in an annual operational budget to commit funds more than one year at a time. It is important, however, that in the early stages of starting and operating a community college financial support reflect a solid commitment by the state to the people to be served. One of the best ways to do this is to adequately fund a community college at the very beginning even though the per student cost is high.

The minimum staff and faculty should be as outlined below or very similar to it. Obviously some different combinations could exist, but the total areas cited and number of individuals should not be less.

Administration: Professional

Director (1)
Business-finance officer (1)
Trained counselor (1)
Admissions-registrar (1)
Academic officer-liberal arts, general education background (1)
Academic officer-vocational education background (1)

Administration: Supportive Staff

Personal secretary level (1)
Stenographer (3)
Typist (1)
Clerk (1)
Accountant (1)

Faculty

English composition with reading skill background (1)
Mathematics with background in a science and ability to teach college preparatory math (1)
Science (two fields such as physics-chemistry) (1)
Sociology-psychology (1)
Business-economics or business-secretarial science (1)

In addition: Any teaching staff needed to launch a specialized program or programs (i.e. electrical technology): however, for some curricula the specialized courses needed may require only an individual part-time the first two or three years, and the best person or persons actually may be personnel working in a business or industry or activity directly related to the curricula and specialized courses to be taught.

All the original personnel and those employed during the early years of the college must be of the type who realize an important function of their total responsibility rests in working off campus in the community and region helping its director to learn the needs and desires of the people and then fashioning courses and programs to be started by the college in consultation with knowledgeable citizens.

Summary: All of the above is fundamental to the funding of community colleges in Alaska because several of them will be small during the next two decades. A necessary base in staff to function adequately must be recognized by those responsible for the funding of community colleges for if not reasonably well supported in funds, in staff, and in faculty initially and the first few years, the measure of what could be achieved to improve the living of the people will never be identified and, hence, recognized.

Recommendation No. 14

A community college below five hundred full-time equated students should not be placed on the same formula basis with the University of Alaska at Fairbanks or the larger community colleges in initiating its request for operating funds.

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Recommendation No. 15

The community colleges should submit their initial budget requests using the WICHE categories starting with the current positions and expenditures and then listing the specific personnel requests for expansion of services, programs, functions, equipment, enrollment increase within each WICHE category except, obviously, details of supplies and equipment of a minor nature.

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Recommendation No. 16

For community colleges under five hundred FTE students the Resource Requirement Instruction Model formula or any budget formula should not precede the initial budget request but follow with a recognized base of operation with the budget formula used subsequently adapted to that base, and then related effectively to the overall request presented as the higher education operating budget for community colleges.

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Recommendation No. 17

The RRIM formula may be a usable budget process for the larger community colleges such as Anchorage Community College and hence used in such instances in working comparative budget figures among the larger community colleges in Alaska in the years ahead.

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Recommendation No. 18

Those determining the funding for the community colleges must recognize as a very minimum: different cost levels for the various curricula (i.e. an allied health curricula versus a general education degree curricula:) differences in salary levels as set forth for the various regions by the union contract; the different cost of utilities region by region; size of the colleges; any special geographic factors, plus as best possible the many other items listed in the section entitled "Influences on Level of Funding and Processes of Funding."

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Any formula applied to the large operation of the University of Alaska and a community college the size of Anchorage Community College must be either adjusted so drastically for small community colleges as to be really meaningless, or, the needs of the small community colleges are never incorporated adequately into the budget formula; therefore, they are never adequately funded compared to the larger units. An attempt is being made to adjust the RRIM formula to reflect the higher costs per student for the small community colleges. This adjustment, however, does not yet fully reflect the extent of adjustment needed, and further, in the process, as indicated in an earlier recommendation, the request for staff which may not be extensive gets hidden in a maze of budget statistics and sheets by the time the budget package is assembled.

The WICHE technique is the best current means coupled with demands by other agencies for information to present an operating budget. It clearly reveals the number of positions and funds in key categories. For a typical community college these would be: *

Instruction	1.0	Student Service	5.0
Public Service	3.0	Institutional Support	6.0
Academic Support	4.0	Independent Operations	7.0

*For the sub categories of these see Appendix

State government officials and legislators used to working with the higher education budget can soon master the WICHE layout if indeed this has not been accomplished already, particularly if developed on a single page indicating current and requested funds in the six categories. This coupled with the concise one or two page narrative statement referred to in Recommendation No. 1 (comments) should provide any budget official or legislator with the essential information. If budget staff need to and wish to for future cost analysis projects compile more detailed budget statistics, the option should exist, but again, reflecting the requests of the college rather than dominating and determining the level of request.

The first central point to be recognized is that a budget formula should not by its very nature cause a reduction in the formulization of the initial request for funds for the next fiscal year. Too often this is what has happened in recent years. It currently occurs. In contrast to this in the late 1960's some higher education units and budget staff used formulae which were excessive rather than too stringent.

The second central point stressed with the set of recommendations is that the University of Alaska financial staff with overall direction by the president of the University of Alaska should work with a committee of three or four of the directors of the community colleges in Alaska to develop a base of operation for community colleges serving five hundred FTE students or less. Positions in categories of the WICHE designated categories, for levels of enrollment, and other key characteristics (i.e. basic salary level for each region) should be agreed upon as best it can be projected (tied in with the five year master plan projection effort).

The majority of the community colleges in Alaska will increase slowly in enrollment and will never be community colleges of a great size. This has nothing to do with their worth to the people they serve. A community college of one hundred fifty FTE students can be as vital to its community and people as one of 15,000 FTE students. The importance of this slow growth in FTE and low enrollment for a decade or more is that each yearly budget request for positions will not be great. A formula approach is not needed because most of the community colleges in Alaska will not be starting six to eight new programs or employing thirty five to fifty additional staff each year.

Identified positions, equipment (major items) and a supply figure related to new programs and increased enrollment can be more easily listed and totaled, evaluated, and a recommendation agreed upon than through a complicated formula. For the larger community colleges in Alaska, such as Anchorage Community College, a basic formula such as

RRIM combined with WICHE can be used in a reasonably satisfactory manner. It is also likely then, for any of the Alaskan community colleges having more than five hundred FTE or thereabouts, that the WICHE-RRIM combination could be usable. But even in these cases, I suggest as stated in comments on Recommendation No. 1, that each college should present for all considering the proposed operating budget a narrative statement no longer than two or three pages outlining the precise nature of the request for additional funds.

Addressing this problem based on personal experience in a small state college as dean and president, as executive director for a state system of community colleges with a great variance in enrollment, plus discussions with several state directors of community colleges have convinced me an overall formula for computing positions, equipment, and supplies for community colleges varying in curricular offerings by as much as ten to twenty, in enrollment by as much as 2,000 FTE students, in plant and facilities by 50,000 to 100,000 square feet, in nature of the curricula (percent of high cost versus low cost), makes a common formula for budget requests unworkable. There are only two results if substantial adjustments aren't made. One, the small colleges never receive the funds needed. Two, if the formula is adjusted to meet the needs of the small colleges, the large colleges profit even more.

Summary: For colleges in Alaska having five hundred or less FTE students no budget formula should be used. The colleges, using the WICHE categories, should list current operating funds and positions and then list requests. This coupled with the narrative explanation sheets will tell all considering the budget the total requests and clearly for what purposes. This material will be less complex to use and study than the current budget format. Obviously, if the request cannot be fully honored, then a cut is made in consultation with the director so he can use his knowledge or the cut is made on the basis of a priority already filed in the original budget request.

University budget officials and state budget officials can proceed as there is need to enter the total in the overall higher education budget and state budget by any means suitable to them consistent with the level agreed upon to be funded and without changing of WICHE categories.

It is further recommended that in this process as indicated in a separate recommendation, the PEC should make its recommendations on the public higher education request for yearly operating funds before the budget is cast into a set of figures and format by budget staff for consideration by the Governor and the Legislature.

Recommendation No. 19

> The Postsecondary Education Commission should by 9/1/76 complete a thorough review of the assignment of funds among the community colleges and between the community colleges and the other units of the University of Alaska to make certain historical and traditional patterns of funding do not continue to make themselves dominant over fresh, new thinking and the current and future

educational needs which involve curricula, functions, and services best provided by a system of comprehensive two year colleges.

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There is no intent in this recommendation to imply a lack of intentional unwillingness to cooperate by top level state and University of Alaska officials in the development of the community colleges in Alaska. Indeed, there was evidence of a positive attitude toward community colleges. The fact remains, however, that most of us operate within an on-going frame of reference which reflects our basic and dominant education and experience. In addition, the fact exists that University of Alaska officials and the Board of Trustees will continue to be under considerable pressure from faculty and staff in Fairbanks and Anchorage to continue their programs, preferably with expansion of them. In addition, there will be a tendency for some state officials and legislators, graduates of the University of Alaska, to be more familiar with the University than newly established community colleges. In Alaska, therefore, as has occurred in other states with a state funded system of community colleges, there will be a tendency to continue support levels in the University System in the traditional patterns and then "add onto" the budget to assist the development of the community colleges.

The PEC as a new set of individuals and as a non-operating independent agency must realize one of its most important functions is to look carefully at the job training level needs, the current basic education levels needed to be acquired by Alaskans, and the social-cultural needs of the people and determine what type of postsecondary education can best meet these needs. This may mean a reduction in some types of activities and programs by the

University of Alaska (Fairbanks-Anchorage) and a shift of funds to the community colleges' programs.

Summary: The final determination of assignment of funds for postsecondary education in Alaska must not be left solely to the chief officials and Board of Trustees of the University of Alaska or the Legislature without a thorough review of Alaskan educational needs and the adjustment of postsecondary education to meet these educational and training needs. The PEC must assume this responsibility calling for the assistance of various state agencies in gathering information.

Recommendation No. 20

> The trustees of the University of Alaska, its president, the PEC, the Governor and the Legislature must by all means take steps to expand considerably the capital fund support for the community colleges and, along with this, provide high quality assistance in the design and planning of each facility constructed.

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One cannot visit four or five campuses in Alaska including Anchorage Community College and the University of Alaska at Fairbanks without being tremendously impressed by the fact that physical plant resources for the smaller community colleges need additional attention and support even beyond that appropriated. It is the hope and wish of this writer that the vast expenditures for research buildings and equipment for the University of Alaska's campus at Fairbanks are now producing valuable results benefitting the citizens of Alaska.

Careful thought needs to be given as to how construction dollars should now be spent in Alaska. Construction funds should relate increasingly to support educational programs and services defined by the PEC. It must be reemphasized time and time again that students being trained in science or vocations in a community college need equipment and space just as do the students at a university. Basic science courses should be supported equally well at a community college and the university. Vocational curricula may determine a different type of equipment than graduate research, but for the students in these curricula - hence for the economy and social well being of the state, adequate space and equipment is just as vital for the community college student as the student on the Fairbanks campus.

In this process of increased funding careful effort should also be made to relate facilities to projected programs and services and to the five year master plan. If done right, reasonable intelligent planning can occur in anticipation of increase in costs for operation of new facilities. Each new building when planned should have developed with the planning an estimated operational and maintenance cost.

Summary: The PEC should take the lead in an assignment of current higher education facilities, the projected curricula and program need of Alaskans, and set out the emphasis to be given to construction of facilities for the next five to ten years. Each new facility planned should not only be estimated carefully as to cost to construct, but also, to operate. It is apparent that more funds are needed for community college facilities with careful attention to design and function.

Recommendation No. 21

A system must be devised and fully accepted by all University and State budget officials by which non-credit courses and training functions offered within the public higher education system are converted to credit hours or all agencies involved recognize non-credit work should be on an actual cost basis using the preceding year as a base for the following year, with a reasonable projected expansion.

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If a semester hour or credit hour is used as part of the funding formula process, then a means to compute clock hours for non-credit formalized courses on a comparable basis should be devised, or, an acceptable alternative common to all the community colleges. These processes might include one of the following or a similar pattern.

1. The Continuing Education Unit with an agreed on dollar support level for each unit.
2. Two clock hours for 1 hour of a credit hour course. (Six hours per week versus three for a 3 credit hour course)

Careful consideration should also be given to an agreed funding level for each clock hour for formalized non-credit courses. No conversion process in formulizing a budget or in distribution of funds is needed in this instance.

Excluded from the formalized instruction in the classroom for non-credit work and a system to tabulate in a comparative and meaningful fashion are those activities of a social and cultural nature which are part of community service activities of community colleges. These usually make up a small portion of the total cost for community service non-credit functions. This being the case a base sum should be agreed upon as a starting point with estimated cost for identified expansion.

There is a tendency, at least in many areas of the United States, for governing boards and for legislatures to limit too much the expenditures for the non-credit community service function of a public community college. It behooves us all - including educators - to remember that thousands of adults need and/or want skill training, retraining, personal improvement, but are not all interested in attending college (college in the historical sense) or in receiving college credit. They do want and appreciate, however, a *mature* setting, the college building on campus or a course or activity housed in a college operation. This is one of the major reasons public community colleges have been so popular in service to adults compared to adult education programs housed in local junior and senior high schools.

Summary: There must be agreement among the units of the University of Alaska in means to tabulate the total effort by each unit in formalized non-credit courses and activities. The system developed should result from discussion of the directors and university officials with a consensus being reached. Then the Governing Board of the University of Alaska should direct the formula be implemented. In addition, separate funds should be provided for non-course or non-classroom activities--concerts, lectures, discussion groups, etc. A base for each community college should be established and then adjusted yearly as the college identifies additional worthwhile services.

A particular formula for the non-credit course work to be converted to a semester credit hour tabulation (if this is needed) is not set forth. The CEU is one method. The important point is that an agreed on method be implemented with carefully defined guides.

Recommendation No. 22

Budget information in the preparation of requests and in the distribution of funds should be shared among all the directors of the community colleges so a better understanding can occur among them and between them and other University officials and state budget officials as to the nature of all requests and basis of decisions made in changing the initial requests.

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There is need for more communication among the directors regarding budgets proposed and implementation. Even more so there is need for more direct and personal communication between the community college directors and University of Alaska budget officials, and also between the community college directors and state budget officials. Realizing distance is great in Alaska and travel by air is expensive, it is nevertheless strongly recommended that as a minimum the following personal discussions be held in the budget process-request through distribution of funds.

a. Each director should have the opportunity to explain personally and review his/her college budget with the president of the University of Alaska and to the chief executive official for the Postsecondary Education Commission. This could be on an occasion when the

PEC representative and the president of the University of Alaska, plus any appropriate back up staff, meet jointly to hear the presentation; however, there should be no more than six to eight people at the session.

b. Each director should have the opportunity to review and adjust the original budget request once the president of the University of Alaska has made his determination on what is to be recommended to the Board of Trustees. This can be done by phone and written comment assuming (a) above has occurred.

c. Each director should receive a prompt verbal report from the president of the University of Alaska once the Board of Trustees has voted a budget to present to the Legislature and the Governor as to changes voted by the board. A brief written comment can follow.

d. Each director should have the opportunity to meet with the key state officials and/or members of the Governor's staff along with the president of the U of A to explain fully his/her original request as well as what the budget as now recommended by the Board of Trustees of the U of A means--if extensive reductions have been made, funds added, or significant shifts of funds within the total.

e. At some point in the consideration of the higher education budget by the Legislature, the community college directors should have the opportunity to explain their proposed budget directly to legislators who are members of an education committee, or appropriations committee, and the party leaders in the Legislature.

f. Once the budget has been approved and tentatively assigned each community college, a meeting should be called by the president of the U of A involving all directors of the community colleges, the chancellors for the regions and a limited number of budget staff personnel (Fairbanks campus) to review funds available and to reach tentative agreements as to what can be accomplished with funds available. Special problems caused by an insufficient amount of funding can be identified.

Summary: One of the most fruscrating and demoralizing aspects of administration of a college (probably in business and industry also) is: 1) lack of funds to meet needs and worth-while opportunities, 2) lack of understanding, 3) a lack of knowledge, the not knowing what was decided or on what basis. Written communications and phone calls are important and useful, but are not a full substitute for direct personal discussions. Knowing what is occurring, understanding why decisions are made, even if negative to one's job and functions, are vital in maintaining morale and cooperation. Funds spent in achieving personal and direct communication as recommended in (a-f) above will be money effectively spent.

Recommendation No. 23

Computer terminals and/or computers should be available for each community college allowing it to prepare basic data information required by the Fairbanks campus staff, state government staff, and the

PEC, and subsequently, each community college director should receive copies of similar data of all other community colleges and the University pertaining to budget, faculty and staff, student enrollment, and utilization of space.

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The principle stressed in Recommendation No. 22 is applicable here. Information collected and compiled into conclusions and used in making decisions should be shared among the directors. The unknown often causes more tension and a spirit of uncooperativeness than the facts even if the latter are negative. A provider of information is entitled to see what use of it was made, partly to make certain it was accurately and fairly used. Any director of a community college in a public system is entitled to know the basic factual information concerning the operation of any and all of the community colleges and the U of A (Fairbanks-Anchorage). Summary: Sharing of information provided is a fundamental principle of operation in assisting in the development of cooperative administration and more effective decision making. Computers are an important aspect of fact gathering and data production for decision making. Every community college should have a chance to participate adequately in data gathering and distribution of data, plus the use of a computer or computer terminal arrangement for instructional purposes.

Recommendation No. 24

Whenever any of the community colleges provide programs, instructors, or substantial administrative services for the upper level or graduate division of the University of Alaska such functions should be costed out in advance and additional funds provided the community college for performing them.

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This recommendation is largely self-explanatory. There will be occasions when the most efficient means to bring upper level courses and graduate courses or other functions of the University to a specific community (not typically community college functions) will be via the community college in the area using space or personnel. This is to be encouraged rather than discouraged. The cost of doing this should not, however, be overlooked. Adequate funding should accompany the request and performance of such services. This can be incorporated into the annual budget request or added to via transfer during the fiscal year.

Likewise, if in specific geographic locations, the University provides a functional service to the community college, the community college involved should reimburse the University.

In stating the above it is assumed much helpful, inexpensive, and cooperative assistance is given and will be given, one unit to the other without need to be involved in the paperwork for transfer of funds.

Recommendation No. 25

The Postsecondary Education Commission should by September, 1976, after consultation with the units of public higher education, set forth the content and definitions for a basic data bank for all of the postsecondary education units.

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One common comment among higher education officials is the request to improve and refine definitions of terms guiding compiling of data. This pertains to both budget and other types of statistics. Until done, confusion and uncertainty will hamper collection of data, cause inefficiency in use of staff time, and keep a level of frustration which can be eliminated at least to some extent.

Summary: The PEC should, as soon as possible, set up a working committee of representatives of the community college, the Fairbanks University of Alaska staff, Postsecondary Education Commission staff, and state budget staff to better define all topics and terms used in data gathering. This will facilitate the entire funding processes.

Recommendation No. 26

Each community college director should have the authority to change expenditure of funds appropriated for each fiscal year within or between each of the major WICHE categories without seeking approval elsewhere except any amount over $10,000 in which instance he/she should secure the approval from the president of the University of Alaska, or, if the community colleges are later to be separate from the University of Alaska, from the director of the system of community colleges.

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A college president, forced by the very nature of a state budget process to develop a proposed budget several months before implementation begins, and often faced with a rapidly changing economic life in the region served by the community college, must have the freedom to make several changes in use of funds as the fiscal and academic year advances. This is one way a state government can assist an executive head of a college to function more effectively and efficiently.

Each community college director and the college staff and faculty must recognize, however, that governing boards and legislators and governors, usually unable to provide all the funds requested, do make selective decisions. Just as the college head had reasons for incorporating certain new programs and new services, these governing and state agencies use their knowledge, experience, and ability in deciding what is kept in a proposed budget. They have usually logical reasons for deciding, for example, to support a new two year associate degree program in nursing at college A while eliminating funds for a new electrical technology program at college A or at college B. It is the responsibility of the director of a community college to respect that decision.

Summary: Legislators and state officials must recognize the need to provide the means for a community college director to adjust fund usage as experience and immediate need may dictate with a minimum of red tape. Funding procedures and authority should provide for this. Extensive changes as a check against local pressures, should require the approval of a third party, a responsible official charged with the overall operation of the community colleges. Community college directors must also respect the decision by the Board of Trustees and/or the Governor, and/or the Legislature that certain programs and/or services are either supported or not supported rather than trying to circumvent that decision by a manipulation of funds.

Recommendation No. 27

> The overall budget for the community colleges should carry a reserve of ½% which can be assigned by the governing board or the chief executive officer of the system to a particular community college or a project of the community colleges not identified as part of the original annual programs of the community colleges.

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Community colleges should be in a position to respond quickly and effectively to the educational and training needs of Alaskans. The budget process involving the freedom of the director of each community college to transfer some funds will, if carried out, answer part of this need for responsiveness and flexibility. There are apt to develop needs for projects and programs involving more funds than a particular community college director can reassign within his own budget. In addition there may be serious emergencies beyond the annual budget resources of a particular college. Means should exist to meet such needed changes or emergencies.

Summary: A central contingency fund should exist to meet needed changes in educational programs and training, or for emergencies, not identifiable when the budget was presented and which are not feasible to be financed by a particular community college.

Recommendation No. 28

Local or burrough contributions to a community college for non-credit courses, programs, and community services of various types should be encouraged with each college submitting annually an account of how such funds received were used; however, this type of support and its extent must not be accepted by University officials or state officials or state legislators as a full substitute for the state's obligation to provide the community colleges funds to offer public services and non-credit training courses and programs.

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Local interest in a community college is fundamental to its success in serving the people. Interest encourages contact and input with services offered thereby reflecting better the needs of the people in the community or region. The input of funds into a community college operation will usually stimulate interest. Further, each region served by a community college should have the opportunity to have its community college perform certain functions it thinks desirable regardless of the philosophy and ideas of a state legislature or a state coordinating commission for higher education.

Summary: It is recognized that an increasing amount of funding for formalized education, beginning with the K-12 programs will need to be funded by the state government rather than local governments; nevertheless, where possible some local fund input should be encouraged. The non-credit, community service functions and activities are the best areas to have this done.

Recommendation No. 29

Each community college requesting the funding of a new associate degree program should submit a three year estimate of costs.

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The University of Alaska president, the Board of Trustees, the Governor, the Postsecondary Education Commission and the Legislature are entitled to have a reliable estimate of the initial start-up cost of a new associate degree program and the yearly operational costs for the first few years. Actually, this should not be an extra chore for college staff as careful planning should incorporate such a projection.

Summary: Non community college state personnel involved in assignment of taxes to state agencies (the budget process) are entitled to know not only the start-up cost for a new associate degree program, but also, what that particular program will mean in annual operating costs for the college.

Recommendation No. 30

The overall budget for the community colleges should provide a flat percent (i.e. 2%) for faculty and staff improvement and orientation to the nature of community college clientele in Alaska.

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Each major region of the United States varies in some key characteristics of the people, the racial mixture, and the economic pattern. It is doubtful if for some time Alaska can or necessarily should provide Native* staff and faculty for all college positions. Input from well trained individuals from other regions of the United States is now essential and will always be valuable.

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*Alaskan reared and educated, whatever the racial background.

Any experienced and well educated person from the lower 48 states will need an orientation to Alaskan culture and characteristics and background of the people (students). Indeed, individuals born and reared in Alaska going to teach or administrate in a distinctly different part of Alaska will need some orientation to the particular region and its people.

Our rapidly changing economic society and the resultant social changes require a constant review of curricula and changes in courses and degree programs so community colleges can respond quickly to societal changes.

Professional staff have a responsibility to upgrade their knowledge and experience through their own financing. They should not be expected, however, to finance all costs of training and education needed to increase effectiveness to teach community college students in a particular region.

The State of Alaska should provide funds to the colleges to assist them in organizing workshops and training sessions which will acquaint faculty and staff with the people of the region and the needs of business, industry and/or agriculture. In some instances a new program needed may involve new courses or knowledge of new equipment. A new full-time person may not be needed. In such instances it will be less expensive to finance the training of a current staff or faculty member.

Summary: As a means to make instruction and development of programs more effective the State of Alaska should incorporate into the community college yearly operating budget a fund, perhaps as much as 2%, to provide further training and education of professional staff.

Recommendation No. 31

Each community college should have an advisory council with the larger community colleges having a group of advisory councils by academic areas with such advisory councils being financed to the extent they can be effective in an advisory role.

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In a state as large as Alaska and so varied in economy, climate, and people, no single governing board can possess all the knowledge and wisdom to determine the total functions and activities each of the community colleges should carry out. Input from lay people in each region is vital in shaping the knowledge and insight and understanding of the community college staff and faculty. Information can be shared with the staff and faculty for each regional community college and/or it can also be shared with the legal governing board and its top level staff.

The local advisory council should have the opportunity to review the proposed budget and to attach its comments as the proposal is sent to the Board of Trustees for the University of Alaska. The advisory council should also have the opportunity to assist in determining the non-credit functions of the college, assisting in securing scholarship funds, securing gifts of equipment and library materials, developing curricula, selecting the director but not other staff or faculty, and serving as a liaison with legislators and the State government.

Summary: Many of the experienced public servants, native Indian leaders, businessmen and industrialists, labor leaders, medical personnel, and the average citizen have ideas and know of needs which relate to the programs and functions which can be provided by a community college. There should be a formal structure established for developing and receiving input from local groups and local citizens. Each director of a community college should have a few hundred dollars provided in the operating budget to support the functions of a local advisory council or councils.

Recommendation No. 32

> Consideration must be given to the advisability of dormitories (state owned or leased) for 1) community colleges serving sparsely populated areas spread over a large geographic area, and 2) community colleges which may, by a decision well made, be the only community college in a region to offer a particular curricula.

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The area of Bethel is an example of the need to have some dormitory space to meet the needs of some of the people.* An example of point 2 would be a two year associate degree nursing program in the Southeast region. The question can be raised: Should any one of the three community colleges in that area have a two-year associate degree nursing program? (Question of clinical resources plus the expense of a nursing program) If so, certainly not more than one among the three. Yet, there are apt to be men and women in all three service areas interested in nursing. Dormitories for these people to come to Anchorage Community College or to one of the local community colleges in the Southeast region would be a practical and reasonable solution.

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*It is noted that dormitory space is being leased for Kuskokwim Community College in the Bethel area.

Summary: To save costs in programs and offerings and to meet needs in low populated, large geographic areas dormitories (state owned or leased) would be appropriate for a community college. The operating costs of such dormitories must be part of the funding process.

Recommendation No. 33

> Since the Postsecondary Education Commission to coordinate public higher education in Alaska is established and functioning, it is recommended that within a three year period the Alaska community colleges be provided their own governing board.

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Alaska will probably not need a three unit--University, state college (4 year), community college structure for public higher education in the next decade. It should certainly avoid also a four unit* approach under which a few states operate. Input into the basic policies and governance of public higher education is important. If a governing board has a too extensive and intensive task, it cannot possess the factual knowledge necessary to provide the leadership a thriving university or set of post-secondary educational institutions should have. What occurs is that too often decisions are made, some of them unfortunate, without ample opportunity to consider all the reasons and facts involved in policy implementation. Along with this is a trend which allows the professional educator to dominate the policy making processes. Lay control passes into the hands of the professionals.

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*State University, four year state colleges, community colleges, technical colleges each with a separate governing board.

A contrasting weakness should also be avoided. This is a four unit structure in higher education with its own governing board. This can be wasteful in use of state funds and professional staff time required for additional coordination.

In Alaska, with the increased growth of the community colleges, it seems now an appropriate time to establish a long range structure which would involve the Postsecondary Education Commission in long range planning, bringing state educational and training needs to the attention of postsecondary education executive heads and boards of trustees, and assigning current and new tasks to the appropriate basic units.

The basic units I would describe as first the University of Alaska structure for research, graduate education, extension agricultural service, sophisticated industrial and business training, plus the usual four year bachelor degree programs. This is ample responsibility for any Board of Trustees and the chief administrative officials of the University of Alaska. The second unit should be a system of comprehensive community colleges operating under its own governing board with an executive head and a small administrative staff. The community colleges should by legislation and direction of the Postsecondary Education Commission be assigned the traditional community college functions, and in addition, the task of providing technical and skill training for adults (except for highly specialized training by the University), special manpower training programs, adult education including continuation of the GED, plus vocational education not currently carried out by secondary schools. Such an arrangement should lead to a coordinated effort under one governing board for all postsecondary formal education and education and training for adults except that assigned to the University of Alaska.

The Postsecondary Education Commission in such an arrangement should be able to coordinate public and private higher education in Alaska with a small staff. This is important for an analysis of postsecondary education commissions operating budgets in several states will reveal substantial funds are required to operate them.

It is also important the Postsecondary Education Commission depend on a system of basic fact gathering which it can control and coordinate, but which is essentially done by the units. It should also operate in a manner which allows scholarship and student aid funds approved by the State Legislature to move directly to the two basic units for dispersement to students and to proper accounts. If these and similar precautions are not taken, the Postsecondary Education Commission shall become a semi-operational unit, its staff hampered from performing planning and coordination because of operational details and problems.

This recommendation relates to funding considerations for it is evident there is insufficient coordination in the entire operation of the community colleges. The current chancellor arrangement for the three regions is an expensive process to bring about the necessary coordination. Further, since final decision making on key issues rests with the president of the University, the current chancellors have a limited decision making role.* A unified system of community colleges with a single executive head would be ample and perhaps less expensive. The executive head and the Board of Trustees can be knowledgeable concerning community colleges and adult education. Likewise, the Board of Trustees of the University of Alaska can be concentrated in the typical areas of responsibility for a thriving state university.

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*In making this set of remarks it is not being forgotten that part of the function of the current chancellors is to coordinate the upper level functions of the University in each region.

Summary: The governance of public higher education in Alaska with effective coordination can now occur in Alaska with the establishment of an independent system of community colleges with its own governing board. This will allow a better implementation of the definition of community colleges to occur. It will allow the University and its governing board to concentrate on the traditional State University mission. The Postsecondary Education Commission, already established and charged with coordination of public and private higher education can prevent duplication of effort and can assign new functions as the need arises to the appropriate unit.

Recommendation No. 34

> There must be additional consideration and exploration of the different levels of teaching load, including provisions in the union contract for community colleges.

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No other decision is apt to have more impact on the total level of funding of community colleges than the contact hour load per faculty member. Two phases of setting the contact hour load are most important.

First, the overall agreement with no special considerations as to size of community colleges. In short, 600 contact hours per academic year versus 700 or 750 contact hours per academic year per faculty member. Those individuals negotiating the union contract in behalf of the state must keep this foremost in their thinking and planning. Studies should be made, if not made as yet, with estimated cost to the state for each ten contact hours per faculty member the load is reduced or increased. Second, adjustments needed for the small colleges must be recognized and preserved. The number of different course preparations per semester will usually be greater at a small college. The number of sections taught may need to be more to have an equal number of contact hours with faculty at the larger community colleges.

Even more than this, for the small community colleges under 500 or so FTE students, flexibility must be preserved, or if lost, reestablished. One of the important responsibilities for some faculty at young, growing colleges is to develop curricula related to the needs of the people, business, industry, and labor in the region served. This means getting out of the college building. It means getting into the community, into the places of business and factories. It means time to develop what is learned into meaningful courses and programs of study. There must be preserved, therefore, the means for the director to assign to faculty he deems advisable off campus responsibilities and to have these costs recognized as functions as necessary as teaching or the work of the registrar.*

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*Obviously a large community college has some of the same activity continuing; however, the director, having a larger budget and more staff and faculty, has a somewhat better chance to "work in" this type of activity.

Summary: Any formulae used, any union contract drawn, must recognize the importance in small community colleges of flexibility in course assignments, teaching load, and other necessary curricula oriented duties not involving production of contact hours. It seemed that there had been insufficient attention given to this matter even though it is realized some individuals may have spent days on it. Several college officials made it very evident they believed further discussion was necessary, particularly involving Fairbanks university staff and state budget staff. The president of the University of Alaska should initiate a careful study of the contact hour situation as it relates to practical problems in the small community colleges, the union contract, and current and likely future costs to the State of Alaska.

V. Comments on Formulae

In the overall structure for the assignment of funds requested and voted by the Legislature, the WICHE arrangement is recommended. It possesses logic, relates to functions in practice, and indicates reasonably well the activities for which funds are expended.

Knowledge of the WICHE structure will vary among the college officials and state budget staff. Whether well known and understood or not well known, the following or similar planning and action are strongly recommended.

The directors and chief budget staff member for each community college should meet with the key University of Alaska budget director and appropriate state budget staff to review all present definitions and account numbers to determine that colleges are consistent in assignment of expenditures to particular accounts. Where differences occur, resolve them. Once this has been achieved, agreement should be reached on which current accounts fit the particular sub topics in the WICHE structure. This process, if done thoroughly, should set the stage for like or similar expenditures and positions for each community college to be in the same WICHE major and sub categories. There should also be developed--or the current state budget guides updated--definitions as to what expenditures go into which accounts so new budget officials at the college level will have the proper guidance.

Each year two basic sets of figures can be developed by each college which should be helpful to everyone interested in the budget requests and subsequent use of funds. There should be a position tabulation and a dollar tabulation for each category.

Requests for the next fiscal year should be arranged by major and sub categories both as to positions and dollars. This will clearly indicate the major thrust of the funding request. If ten positions are shown at Occupational-Vocational Instruction (1.2 under Instruction) with funds cited reflecting teaching salaries, and under Institutional Support, Fiscal Operations (6.2) two positions are shown with accountant level salaries, it clearly shows the difference in emphasis.

It is realized that the RRIM process does the same in a different layout. It is believed the WICHE structure is easier to use by everyone, legislators, the public, and state government officials who are not budget or academic specialists.

If the WICHE structure is used with a narrative comment by each director, the total nature of the fund request becomes very meaningful. The narrative (See Rec. No. 1, Comment No. 1) would indicate, for example, that the ten faculty positions in 1.2 are: 1 electrical technology; 3 welding technology; 2 nursing; 2 mechanical drawing; 2 fishing technology.

The essence of recommendations No. 14 and 15 is stressed. Small community colleges should not be placed on a budget formula until it is agreed by all involved on a minimum base for total yearly operations. For community colleges below five hundred FTE no formula should be used. Deal with the raw data and information.

It is important to keep separate in determining funding level and funding processes (or budget processes) the funding phase and cost study activities. Cost studies have not been addressed because this was not the assignment. Major concerns throughout much of the comments related to small community colleges and the difficulties of using budget formulae do not mean to imply cost analysis studies should not be developed and the information gained used intelligently and in a realistic relationship to the instructional program and the other major functions of a community college. Cost studies are useful. The information gained is important to the executive head of any collegiate institution. The information gained, however, must be related to functions of the colleges and to all those many influences listed in the section: "Influences on Level of Funding and Processes of Funding." A budget official in the state government should not be given the responsibility to make educational and program decisions for a college or system of colleges based on cost analysis studies. He may have an important role in raising questions and in assisting the Governor or the state director or commissioner of finance in formulating questions. The answers, however, must be provided by the educators using their experience and knowledge, placing the statistical data gathered in the right context. At that point, then interaction can occur and hopefully jointly reached decisions on adding, cutting, changing programs can be made by state government officials and university and college officials.

Of several papers and studies in cost analysis the following is suggested:

Howard D. Sims, A Master Plan for Unit Cost Studies Among Community Junior Colleges, Florida State University, August, 1972

Also of interest in funding, budgeting, and cost analysis are:

Model Budget Request, North Carolina Department of Community Colleges, (S. A. Johnson and H. R. Jolley), 1975.

Planning Model for Institutions, North Carolina Department of Community Colleges (S. A. Jolley), 1975.

State Funding Formulae for Public Two Year Colleges, Institute of Higher Education, University of Florida, (J. Wattenbarger and P. Starnes), 1973.

These studies, as opposed to the more general papers on budgeting and planning, have special interest for those involved with public community colleges.

The forms used by the University of Alaska in budget preparation and also a copy of the current budget have been reviewed. Several adjustments have been made and are currently underway in response to suggestions (and complaints) made by community college officials. No fault was found with the forms being used as against those used in several other states. The comments which follow are not, therefore, really criticisms of current budget staff of the University of Alaska or the State of Alaska.

The budget forms used include considerable information. They include some narrative. They are compact, often in small type. They are, therefore, difficult to use. They have several key break-outs of information. For example one can take a particular community college such as Kodiak Community College and determine the budget request in major categories and the change in positions. This takes time however, even though this writer is familiar with similar forms and, in the case of Alaska, took the time to check twice through two community colleges' proposed budgets.

The brief narrative form suggested in Recommendation No. 1 and Comment 1 can tell a member of the Legislature more in a meaningful way and quicker than the current budget forms.

No recommendation as to a set of better detailed forms has been made. On-the-scene experience will be far better than an outsider's draft of a new set of forms, provided there is a continuous and planned exchange of concerns about the forms and formulae.

It is assumed any community college director, University of Alaska staff or state budget staff is free to suggest changes and to present new ideas to high level state budget officials and the president of the University of Alaska. It is recommended, however, that the president of the University of Alaska make certain that once each year all community college directors and key University budget staff and state budget staff are encouraged, actually requested, to make suggestions for the improvement of budget forms and formulae. There appears to be a spirit and willingness to receive ideas and suggestions, and some opportunity to complain and to suggest. One impression is, also, that under pressures of week by week functions and demands on time and energy, there was a tendency to push aside down-to-earth, basic discussion as to needed changes.

Appendix

The WICHE Program Classification Structure

1.0 Instruction

- 1.1 General Academic Instruction
- 1.2 Occupational and Vocational Instruction
- 1.3 Special Session Instruction
- 1.4 Extension Instruction (for credit)

3.0 Public Service

- 3.1 Community Education
- 3.2 Community Service
- 3.3 Cooperative Extension Service

4.0 Academic Support

- 4.1 Libraries
- 4.2 Museums and Galleries
- 4.3 Audio-visual Services
- 4.4 Computing Support
- 4.5 Ancillary Support
- 4.6 Academic Administration and Personnel Development
- 4.7 Course and Curriculum Development

5.0 Student Services

- 5.1 Social and Cultural Development
- 5.2 Supplementary Educational Services
- 5.3 Counseling and Career
- 5.4 Financial Aid
- 5.5 Student Support

6.0 Institutional Support

- 6.1 Executive Management
- 6.2 Fiscal Operations
- 6.3 General Administration Services
- 6.4 Logistical Services
- 6.5 Physical Plant Operations
- 6.6 Faculty and Staff Services
- 6.7 Community Relations

7.0 Independent Operations

- 7.1 Institutional Operations
- 7.2 Outside Agencies

ALASKA COMMUNITY COLLEGES

STATUS OF STUDENT FEES

McLean Associates commissioned the writer to visit the State of Alaska and study the Community College organization, with special attention to tuition. It is the purpose of this report to indicate the findings of that study, and to recommend certain actions.

During the course of my visit, August 3 through August 9, 1975, I visited public educational institutions in Juneau, Anchorage, Bethel, Palmer, and Fairbanks. Exhaustive coverage of all Community College programs in the State was not intended, nor was it necessary. It is the writer's conclusion that the itinerary was sufficient to provide basic information from which adequate conclusions are possible. During my visits to the several locations heretofore figured in the State of Alaska, I met with a number of people. Some of them were faculty; others were members of the educational administration hierarchy in the State; still others were members of the Alaska Legislature and its agencies. A list of all those with whom discussions were held is appended. I am grateful to the people with whom I met for their willingness to devote time to my queries, for their generosity in providing arrangements, and for the insights which they provided in the course of this study. Without their assistance it would not have been possible to achieve the necessary balance and depth in a research of this sort.

Description of Community Colleges in Alaska

The Community Colleges of Alaska are under the administrative control of the University of Alaska. They constitute one significant element in a complex and diverse state-wide system which offers programs ranging from the diploma and certificate level through associate, baccalaureate, masters, and doctoral degrees. The central administration of the University of Alaska is located in Fairbanks; nevertheless, sporadic efforts have been made to decentralize the activities of post-secondary education in keeping with the needs of various communities throughout the State. Still, it is apparent that major expenditures are made in Fairbanks, and while the first evidence of this is the physical campus, inquiry bears out the impression that the expenditure levels in Fairbanks are not simply skin deep. As an example, expenditure per student in 1973-74 was $3,648.00 in the Northern Region, whereas it averaged $2,435.00 elsewhere. No effort is made to argue against the higher cost of graduate-level programs. This is recognized throughout our country. Nevertheless, it is concluded by many Alaskans that there is an unbalanced concentration of wealth at the Fairbanks campus and this point of view is borne out by investigation.

The Community Colleges of Alaska have come about through various and diverse efforts by people in local communities and/or by subventions from the Fairbanks administration. It is not surprising, therefore, that there is wide variation not only in size of institutions but in the nature and diversity of the programs to be found in the several locations. At Fairbanks, the newly-organized Tanana Valley Community College is currently housed on the campus of the University of Alaska insofar as administrative functions and some academic programs are concerned. It is intended that a new Community College campus be constructed, and with the recent dramatic increases in enrollment at the Tanana Valley Community College, this is called for. As a result, physical separation between the existing University of Alaska campus and the campus of the Tanana Valley Community College will be possible and, in keeping with the need for separate program development, it appears entirely appropriate. In Juneau, the Community College is combined with the Senior College in a handsome setting outside of the city. Student enrollment at all levels is relatively small, and it is apparent that the Community College has not yet carved out a strong identity for itself in what would be termed traditional properties of a Community College. By this it is meant that although there is an identifiable college transfer program, there is not the usual spectrum of occupationally-oriented programs, nor is there a strong spectrum of adult and continuing education efforts. In Palmer, the Community College, although small, obviously is moving energetically toward a strong program of occupationally-oriented curricula. They are yet inhibited by a relatively small enrollment, but the evidences indicate that the physical plant provisions and program developments are keeping pace with enrollment growths and community need. The Kuskokwim Community College, at Bethel, clearly is the most innovative of the Community Colleges in the State at the present time. Perhaps one should condition the term "innovative" by pointing out that it is the mission of Kuskokwim to serve a group of some 25 to 50 native villages which are widely dispersed over a remote region; as a result, it has been possible to obtain Federal Grants to initiate programs, calling upon modern technology and decentralizing the teaching effort over a considerable geographic area. The people of Kuskokwim are to be congratulated and commended for their efforts, but it is obvious that much more remains to be done and these accomplishments cannot be made with traditional methods. Traditional sources of income from students cannot be depended upon if, as reported, 70% of all households are "on welfare." The largest Community College program in the State is at Anchorage. Because of its metropolitan location, and because of its large enrollment, the Anchorage program can be characterized as more comparable to Community College programs generally found in the rest of the country. Facilities are excellent, programming is diversified, and it was clear that there is a dedicated and energetic faculty and staff. The program is well-balanced among the traditional three elements of Community Colleges - adult and continuing education, college transfer programs, and career-oriented occupational programs. Tuition at all of these campuses is standardized throughout the State. Traditionally, Community College tuition in our country has been kept as low as possible in order to assure maximum access by the user. Although tuition generally in the State of Alaska would be looked upon by residents of other states as relatively modest, the fact that charges in the Community Colleges are the same as those in the Senior College elements and at the University of Alaska home campus is reason for serious concern.

Issues

As I discussed the Community College programs and the adequacy of their provision for educational needs of Alaskans, I found some marked divisions of opinion which were traceable to educational philosophy, location, and understanding (or lack of understanding) of the Community College idea. In this section, I will elaborate upon some of these views and their potential and real effect upon Community College programs.

One issue readily apparent is the question of State versus local control. I would first state that the issue is not new, nor is it surprising to find its existence in the State of Alaska. Many people look to the State for the means by which to carry out programs. At the same time, some of these people expect a free hand to make use of State provisions locally. Alaska is no different from the rest of us in this respect. Nevertheless, there are legitimate questions as to the apportionment of State versus local control. In Alaska, as implied heretofore, it is quite clear that the control resides in Fairbanks. No argument is made that centralized control per se is bad. As a matter of fact, the earlier reports of McLean Associates have recognized time and again the significant contributions which are possible through centralized administration. To be most effective, however, administrators operating from a central office must be aware of and sensitive to the needs of the people and acting in their behalf. Some persons feel that this has not been the case in Alaska. As a result, there have been efforts to achieve more local autonomy, and there has even been talk in one case of a locality organizing and operating its own Community College completely apart from the State. The recurrent reason given for this feeling is the conclusion that Fairbanks personnel are either unaware of the needs of localities or unsympathetic with them. It follows then that the programs erected in the Community Colleges, or proposed, will be inconsistent with the perceived needs of the people in those areas. Granted, local advisory boards have been caused to be formed in several locations; nevertheless, their powers are restricted and their morale is in questionable condition at the present time. Ineffectuality is perceived as the root cause of this disaffection.

The last session of the Alaskan Legislature was presented with a proposal for revision of the Community College Act. This revision would have placed more authority for the establishment and operation of Community Colleges in local hands. Even so, the Community Colleges would continue to operate under centralized authority from Fairbanks. New provisions were to be made for the make-up of local boards, and for the mechanisms by which they could contribute to the formulation of new plans, the establishment of programs, and the on-going operation of their institutions. Strangely, it was reported from at least one quarter that the revised Community College Act failed to pass the Legislature because of a chance agreement between Fairbanks personnel and individuals in areas now seeking to establish Community Colleges. It was the impression of this writer that individuals who want to take advantage of the loose articles now existing for the confederation of new Community Colleges, and Fairbanks personnel who would like to continue to operate the Community Colleges as they are now established, became unintended partners. The outcome was that a majority of the legislators voted against the proposed Community College Act revision. Be that as it may, the Community College Act revision did fail; therefore, new approaches to the initiation and operation of Community Colleges, with greater influence by local adherents, must be sought.

Last year a strike by Community College teachers resulted in a collective bargaining agreement with the American Federation of Teachers. As a result, Community College teachers throughout the State are organized under a union contract which guarantees them conditions of work, salary, and a format for bargaining grievances. Despite the rather fundamental changes brought about by the collective bargaining agreement, there seems to be little residual bitterness or anxiety. Some even predict that the Senior College and Fairbanks faculty will be the next to seek collective bargaining recognition (to protect their preeminence in salaries?). While the overall effect of unionization is difficult to project, it probably can be conjectured that the result will be, at least in the immediate future, less money for the development of new programs and the strengthening of existing programs unless increased sums are allotted to higher education in general. Yet the possibility of new monies in the State's present financial condition is rather remote. For this reason, given the financial plateau upon which the State finds itself, it is possible that unionization will slow the expansion of programs and the development of new Community College campuses in the State as a whole.

The fundamental question with which this report deals is the question, "Who pays and how much?" The "who" are the Community College students, and the "how much" is stated in terms of absolute payment, as well as comparison with payment made by Senior College students. As stated before, the tradition of Community Colleges in the United States is to charge low tuition or no tuition at all. Clearly, the question is complicated in the State of Alaska by the mixture of Community College programs with those of the Senior Colleges, by the geographic dispersal of user groups, and by the capability (or incapability) of the consumer to pay the cost.

In certain locations (Juneau and Anchorage) it was felt that tuition charges were no obstacle to attendance. This may be attributed to two factors: the availability of employment, and the ethnic make-up of the student bodies. If, as is the case in Juneau, Anchorage, and probably Fairbanks, employment is relatively easy to find, the moderate cost of tuition is no problem. Even those who argued for a reduction of tuition charges in these locations want to see some charges retained. "A gift is not taken seriously." Secondly, it may be that natives do not constitute a significant percentage of the student population on these campuses. If this is true, then those with the greatest financial need are not there. They are the students of Kuskokwim, Palmer, and other rural campuses. Once again, implications were evident that insufficient recognition has been given the diversity of student populations and needs.

Recommendations

1. My first recommendation is that ways be found to provide better funding for the Community Colleges in general. More funding must be provided to equip and enrich the existing programs, and significantly greater investment must be provided in order to give impetus to the development of new programs. Throughout this effort a weather eye must be kept upon the differences which exist now among programs already initiated in the State. It will do little good to pour additional monies into existing programs which are strong if, at the same time, needs in other areas of the State go begging.

2. It is the opinion of this observer that tuition for Community College students should be abolished. This is in keeping with the practice in some of our other states. More importantly, it will permit significant numbers of individuals who cannot now pay the cost of tuition to partake of the educational programs offered in their areas. Admittedly, it has the potential for producing conflict between the students at the lower division level and those at the upper division level where they share the same campuses and facilities. The cost of this change is estimated at $1.5 million annually.

3. It is questionable whether the long-range needs of the Community College student can be met under the present organizational framework. For this reason, it is my last and most significant recommendation that studies be entered into immediately to determine the feasibility of a central organization for Community College administration which is separate from that of the University of Alaska at Fairbanks. Admittedly, recent efforts have been initiated to provide

programs which are better tailored to the needs of students outside of Fairbanks and Anchorage. Still, it is seriously to be questioned whether this effort will succeed. Many carry-overs of present thinking will affect and influence the nature of Community College education in the State of Alaska on a continuing basis so long as it is under the aegis of the University of Alaska at Fairbanks simply because those responsible for present conditions will continue to dominate the program. For this reason, careful demographic and programmatic studies are necessary to determine the manner in which centralized authority can be separated from the University of Alaska at Fairbanks and, related thereto, the manner in which local advisory groups, whether they be called Boards of Trustees or Advisory Boards, can be strengthened to develop the unique needs of particular locations. What is suggested is not so much the need for a diminution of centralized authority as a redirection of that authority.

LIST OF PERSONS INTERVIEWED

Dr. Robert D. Hiatt, President
University of Alaska
Fairbanks, Alaska

Dr. Charles O. Ferguson, Provost
University of Alaska
Juneau, Alaska

Dean Eugene Short
Anchorage Community College
Anchorage, Alaska

Dr. Lewis E. Haines, Provost
University of Alaska, Southcentral Region
Anchorage, Alaska

Dr. Alvin S. Okeson, Director
Matanuska-Susitna Community College
Palmer, Alaska

Dr. Pat O'Rourke, Director
Kuskokwim Community College
Bethel, Alaska

State Representative Charles Parr
Fairbanks, Alaska

Dr. Frank Darnell
Acting Vice President for Rural
  Education Affairs
University of Alaska
Fairbanks, Alaska

Dr. Gene Shear
Matanuska-Susitna Community College
Palmer, Alaska

Dr. Don M. DaFoe, Executive Vice President
University of Alaska
Fairbanks, Alaska

Dr. Donald C. Moyer
University of Alaska
Fairbanks, Alaska

Mrs. Mildred Banfield
Member 1202 Commission
Juneau, Alaska

Mr. Stewart Hall
Legislative Counsel
Juneau, Alaska

State Senator George Hohman
Bethel, Alaska

State Representative Kathryn Ostrosky
Anchorage, Alaska

Mr. Tom Wagner
Kenai Peninsula Community College
Kenai, Alaska

Dr. Robert Evans, Director
Juneau-Douglas Community College
University of Alaska, Southeastern Region
Juneau, Alaska

Dr. W. R. Jones, Director
Southeastern Senior College
University of Alaska, Southeastern Region
Juneau, Alaska

Mr. Harry Keim, Business Manager
University of Alaska, Southeastern Region
Juneau, Alaska

VII. DELIVERY OF EDUCATION BY NEW TECHNOLOGY

In the 1975 report, Higher Education in Alaska, I stated "Possibly one of the most crucial needs is the system of delivering education into remote areas" and described activities of Alaska Methodist University, Sheldon Jackson College, the State Extension Service of the University of Alaska and Kuskoquim Community College in delivering education into the Bush country. It was noted that many of the remote areas are so small it is impossible to set up a formal institution of any kind of higher education except through a method of differentiated education with some of the new technology available. It was pointed out that some countries such as Japan and England rely heavily upon the "open university" concept and the use of telecourses. In Japan, for example, an entire baccaulareate degree can be achieved through video university, and students can obtain their education through videocassette lessons and television courses. The open university in England provides an avenue for individuals to extend their education.

It is recognized that neither of these two forms can be superimposed upon Alaska. Nevertheless, it is also realized that Alaska offers an unique opportunity to demonstrate to the rest of the world that it is possible to reach remote areas through the use of technology. An effort to try to reach the Native villages by television on the North Slope is currently under way in Barrow. A very impressive program of providing education by television is in operation in Bethel under auspices of Kuskoquim Community College. These efforts are highly commendable because they illustrate what many educators are now saying. In the magazine Astronautics and Aeronautics, February, 1975, Howard Hupe from the HEW Office of Telecommunications Policy stated, "Traditional academic institutions display a widespread and growing interest in offering non-traditional learning and degree opportunities for several reasons: -many students cannot reach distance classrooms - many students must study at their own convenience because of work or household duties - many students cannot afford traditional education - many students, particularly older ones, fear or dislike the traditional classroom setting and competing with youthful classmates - new traditional facilities are prohibitively expensive - teachers are increasingly expensive - a general national commitment to equal opportunity for education has developed - philosophy that learner-directed education is best is spreading."

Under a grant, The Educational Satellite Communications Demonstration (ESCD) project was established in Alaska for the ATS-6 Satellite. School programs and the weekly Alaska Native Magazine were broadcast by means of this satellite. However, the satellite was moved by the federal government to India and therefore is no longer available to Alaska. One characteristic the ESCD Study noted was that Alaskan villagers are not a homogenous population. There are important cultural and lifestyle differences that must be considered by program developers. The threat of cultural homogenization suddenly projecting and teaching a single set of values may be a threat in terms of creating a single Alaska Village culture. This issue may loom particularly large if satellite TV inhibits locally produced programming. A summary list of tentative conclusions in the ESCD study of educational satellite stated (1) giving access to high technology and taking it away creates resentment, (2) not all village residents' perceptions of home television impact upon Alaska villages are positive, (3) parts of rural Alaska may get some television in the near future without a satellite, (4) an effective demonstration is to stimulate growth of organization and to influence the direction of their growth. Alaskans in one part of Alaska do not necessarily enjoy programs about other parts. There is definitely a demand for adult programs. Consistently high adult attendance occurs only when the event is incorporated into the normal social life of the village.

As far as technology, it was noted that VTR's (Video tape recorders) offer more flexibility in the classroom than real-time programs. The technology permitting interaction was not given a fair chance to prove its utility.

The Alaska Native Magazine was a 60 minute public affairs program devoted to news and events that affect Alaska's Natives. The program was broadcast live each week with translation in Yupik and Koyukom on simultantious audio channels. During the live broadcast of Alaska Native Magazine direct interaction from rural receiving sites was possible through the two-way audio capabilities of the ATS-1 satellite. Village viewers were able to call in questions that could be answered immediately. The viewers were also invited to comment on their reaction to programs. During October, this consultant was able to see the television channel in Bethel operating in a similar fashion; the teachers of Kuskoquim Community College were offering courses which provided for two-way transmission whereby the learners in remote villages could raise questions with the television instructor who could answer them right on the program. Such interaction is important in the educative process.

The State of Alaska has now contracted with the RCA (Radio Corporation of America) for Alaska Communication Plans, which involves television service. In order to assist the State of Alaska in their endeavor to provide television service to the entire State, the consultants, McLean Associates, arranged meetings between representatives of the Alaska Office of Telecommunications, and communications experts at the Caltech Jet Propulsion Laboratory in Pasadena.

In order to acquaint Alaskans with telecourses currently available in the lower 48, the consultants sent copies of videotapes to be field tested in Anchorage and Barrow.

Finally, the consultants acquainted key Alaskans such as Dr. Lewis Haines, Provost of the University of Alaska, Southcentral Region, and

Mrs. Elaine Ramos with the television capability in the Southern California Instructional Television Consortium. Both Dr. Haines and Mrs. Ramos visited the television production facilities at Pasadena City College and previewed materials. Mrs. Ramos also was a special guest at the Jet Propulsion Laboratory.

As the satellite project comes to fruition and as the television production facilities within the State are used more frequently for development of unique instruction television "software" for Alaskans, it would be advisable to have continuing contacts with other endeavors, such as the Great Plains National Instructional Television Library and the Southern California Instructional Television Consortium of Community Colleges.

VIII. CONCLUSION

The Consultants, McLean Associates, found Alaska Higher Education generally in a healthy condition. The dramatic social and economic developments in the State are having a decided impact upon the various institutions in the State. At the same time, there is considerable ferment on the higher education scene forced in part by collective bargaining at the community college level, but also stimulated by the rising expectations of the Alaska population.

Within this report are noted many of the recent developments, most important of which is the formation of the Alaska Commission on Post Secondary Education. This Commission offers great promise for bringing about an orderly development and improvement in Higher Education. Studies currently undertaken by the Commission, along with recommendations set forth in this Report, should assist materially in establishing a five-year Master Plan on Higher Education. The Commission is in a strong position to examine areas of shortcoming and weakness that have been expressed through testimony before the Interim Committee on Higher Education as well as through written and oral comments to the consultants.

We conclude this report with a feeling that Alaska Higher Education has emerged into a strong resource for Alaska and offers an even brighter hope for the future.

APPENDIX

(Appendix)

LAWS OF ALASKA

1975

Source CSHB 441

Chapter No. 109

AN ACT

Making a special appropriation to the office of the governor; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. The sum of $2,300,000 is appropriated from the general fund to the office of the governor to implement an option agreement for the purchase by the State of Alaska from the Board of Trustees of Alaska Methodist University of real property, improvements, furniture and fixtures comprising the campus of Alaska Methodist University in Anchorage.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.070(c).

Approved by governor: June 4, 1975
Actual effective date: June 5, 1975

OPTION AGREEMENT

This Agreement is made the 5 day of June, 1975 by and between Alaska Methodist University (hereinafter AMU) and the State of Alaska (hereinafter the State).

WITNESSETH:

WHEREAS, AMU is willing to provide the State with an opportunity to purchase its campus and buildings and certain personal property at Anchorage, Alaska; and

WHEREAS, the State is desirous of obtaining an opportunity to purchase said campus, buildings, and personal property;

NOW, THEREFORE, the parties agree as follows:

1. AMU, in consideration of the sum of $2,300,000.00, received from the State, hereby grants the State the exclusive option to purchase, in fee simple absolute its entire campus at Anchorage, Alaska with the exception of the following described parcels:

A. Parcel No. 1

The Southwest quarter (SW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 2

The West half (W 1/2) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 3

The South half (S 1/2) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 4

The Northwest quarter (NW 1/4) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West, (R3W), Seward Meridian.

EASEMENTS:

APU shall retain a guaranteed one hundred foot (100') road easement within the section line right of way from the Northwest corner of Parcel 4 North to University Drive and a guaranteed one hundred foot (100') road easement within the section line right of way from the Southeast corner of Parcel 2 East to the section line.

The land and all improvements thereon, which is agreed to be conveyed should this option be exercised by the State, excluding the above-described parcels, contains approximately 267.5 acres and is more fully described as follows:

B. Parcel No. 1

The South half (S 1/2) of the Southwest quarter (SW 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 2

The Southwest quarter (SW 1/4) of the Southeast quarter (SE 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 3

The Northeast quarter (NE 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 4

The Northeast quarter (NE 1/4) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 5

The East half (E 1/2) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 6

The east half (E 1/2) of the East half (E 1/2) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W, Seward Meridian.

Parcel No. 7

The South half (S 1/2) of the South half (S 1/2) of the Northwest quarter (NW 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 8

The North half (N 1/2) of the South half (S 1/2) of the Northwest quarter (NW 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 9

The North half (N 1/2) of the Northwest quarter (NW 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 10

The Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 11

The North half (N 1/2) of the Southwest quarter (SW 1/4) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 12

The South half (S 1/2) of the Southwest quarter (SW 1/4) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 13

The East half (E 1/2) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 14

The South half (S 1/2) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 15

The Northwest quarter (NW 1/4) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 16

The South half (S 1/2) of the Northeast quarter (NE 1/4) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 17

The Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 18

All that portion south of University Drive of the North half (N 1/2) of the Southwest quarter (SW 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 19

All that portion south of University Drive of the Northwest quarter (NW 1/4) of the Southeast quarter (SE 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N) Range 3 West (R3W), Seward Meridian.

C. All improvements on said real property include the following:

1. Gould Hall
2. Grant Hall
3. Campus Center Buildings
4. Behavioral Science Building
5. Faculty housing (9 units)
6. Maintenance and storage buildings

2. The State agrees to pay AMU the Option Money of $2,300,000.00 upon approval and funding by the legislature.

3. This option shall continue in effect until June 30, 1976, and must be exercised (in accordance with its terms) on or before noon on March 15, 1976. Provided, however that this option shall be automatically extended for an additional one year period commencing on July 1, 1976, and terminating on June 30, 1977 if the State notifies AMU of its intention to extend the option on or before March 15, 1976. The State will pay the further sum of

$1,500,000.00 for this extension (hereinafter called the Additional Option Money) on or before July 1, 1976. The exercise or extension of the option by the State must be by written notice sent to AMU in the manner prescribed in paragraph 9 on or before noon on March 15, 1976, unless said deadline is waived by mutual agreement of the parties.

4. It is understood by the parties hereto that the State intends to fund the purchase of the AMU properties with the proceeds of a general obligation bond sale. A bond proposition can first be presented to the voters in 1976, after the expiration of the initial option period. The extension of this option pursuant to paragraph 3 hereinabove shall be effective upon notification by the State of its intention to put such a proposition before the voters, which notifications shall not be later than March 15, 1976.

5. If on or before March 15, 1976, the State does not notify AMU of its intention to exercise or extend the option, AMU shall retain absolutely except as provided hereinbelow the Option Money paid on the execution of this option as consideration for this option during the period to noon on March 15, 1976. If the State pays the Additional Option Money but does not exercise this option on or before noon on March 15, 1977, AMU shall retain absolutely, except as provided hereinbelow, the Option Money and the Additional Option Money as consideration for this option during the period to noon on March 15, 1977. Should the State fail to exercise the option granted by this Agreement in accordance with its terms and thereafter, within two years of the date upon which the right to exercise the option expires, AMU sells the real property and improvements to a third party, AMU agrees to refund to the State the Option Money and Additional Option Money paid in accordance with this Agreement.

6. If this option is exercised in accordance with its terms, AMU shall sell and convey the lands and improvements described in paragraph 1 to the State and the State shall purchase and accept

those lands and improvements from AMU, on and subject to the terms and conditions in this Agreement.

7. The sale and conveyance of the lands and improvements under this option shall be subject to the following conditions:

(a) The State agrees to pay a sum for the above listed real property and improvements determined after an independent appraisal of the property and improvements is conducted as follows: One appraiser shall be chosen by AMU, one by the State, and a third by the first two. None of these appraisers may have participated in any prior appraisal of the property or improvements or have evaluated any prior appraisal of the real property and improvements. The cost of the appraisal shall be borne by AMU. The appraisal of the real property and improvements shall be based on fair market value, taking into consideration restrictions on usage of the real property or improvements contained in the applicable federal patents and in the Amended Memorandum of Understanding entered into March 11, 1972, between the Board of Regents of the University of Alaska and the Board of Trustees of AMU and taking into consideration the value of the campus as an ongoing, operational institution of higher learning.

(b) The Option Money and, if exercised, any Additional Option Money paid by the State shall be credited to the State as part of payment on account of the purchase price.

(c) The balance of the amount of the purchase price owing after crediting the Option Monies paid by the State shall be paid no later than July 1 of the year in which the Option is exercised.

(d) AMU shall, in addition, sell to the State furniture, and other personal property. Schedules of said furniture and other personal property shall be prepared following the exercise by the State of the option. Said personal property shall be valued by mutual agreement of the parties or by independent appraisal. The parties understand that certain personal property may be subject to restrictions in the applicable deed of gift and AMU may therefore be required to retain said property, which property shall not be included on said schedules.

(e) AMU shall retain its art collection and its Alaskana library and its federal depository collection and status.

(f) AMU shall retain AMU Press and the publication rights to all periodicals now published by AMU Press and the copyrights to all books published by AMU Press since the establishment of the AMU Press, together with current inventory of books and periodicals.

(g) AMU shall retain all AMU student records. AMU shall have the right to transfer the student records to the State at some future time. If said records are transferred AMU shall endeavor to place them in good order. If the State agrees to maintain the AMU student records, or state law requires that the State maintain these records, the State agrees to answer and provide information and transcripts based upon these records upon request.

(h) The State shall retain in perpetuity all existing building names, memorials, monuments, plaques or other memorial or commemoratory designations or identifications on the AMU campus.

(i) The details regarding the implementation of the transfer of the property and improvements of AMU to the State shall be negotiated by a joint AMU/State task force appointed by the Board of Trustees and the Governor of the State of Alaska. Any dispute which cannot be finally resolved between those groups shall be submitted to a special committee jointly appointed by the Board of Trustees of AMU and the Governor for the specific purpose of resolving any such disputes.

(j) AMU will hold the State harmless for any litigation or liability relating to or arising out of the operation of AMU prior to the transfer of possession of the premises and property to the State pursuant to the exercise of this Option and shall pay all debts and discharge all liens incurred or which affect the premises or property prior to said transfer.

(k) Title to the properties in paragraph 1 shall be conveyed by Warranty Deed subject to any and all encumbrances, covenants, easements and restrictions of record at the time and place of closing which shall be determined by both parties at a later date.

(l) All proceeds from the purchase price of the property exclusive of the Option Monies, over and above the amounts necessary to discharge the obligations of AMU which have arisen in connection with operations of the university, shall be placed in a trust to be administered by the Board of Trustees of AMU. The income of the trust shall be used to support and advance education in the State of Alaska and to support the education of Alaskan student either within Alaska or outside Alaska. The Board of Trustees, for the purposes of administering the trust, shall be composed of a majority of Alaska residents selected to encourage broad state representation.

In the selection of the board, discrimination based on race, religion, skin color, national origin, ethnic background or sex will be prohibited. Any requirements for specific representation of or from a given church denomination or sect or for a fixed percentage of members from a given church, denomination or sect, contained in the AMU Articles of Incorporation shall be deleted.

(m) Any unpaid balance due under the terms of this paragraph shall be evidenced by a promissory note which shall be secured by an appropriate deed of trust on the real property and improvements conveyed and by an appropriate security agreement covering the personal property transferred. The deed of trust and security agreement shall be superior to all other security interests in the real and personal property with the exception only of the indenture described in subparagraph (n) of this paragraph. The deed of trust and security agreement shall provide for a minimum of six months within which any default under the deed of trust and security agreement may be cured by the State.

(n) If the State elects not to pay the full amount of the purchase price at the time the option is exercised, it shall assume AMU's rights and obligations under that certain indenture dated October 1, 1972, between AMU and the First National Bank of Anchorage, as trustee and under that certain indenture dated March 1, 1966 between AMU and the First National Bank of Anchorage, as trustee, provided the concurrence of the trustee and of the bondholder to the assumption is obtained. The parties agree to jointly approach the trustee and the bondholder to secure their approval to the assumption. The purchase price determined under this Agreement shall be reduced by the amount of the assumed indebtedness under the indentures.

(o) AMU agrees to use its best efforts to ensure the effective operation of the Anchorage Higher Education Consortium and to seek modification of the terms of the Amended Memorandum of Understanding entered into March 11, 1972, between the Board of Trustees of AMU and the Board of Regents of the University of Alaska that would in any way inhibit the duties and obligations of the parties under this agreement or the duties and obligations of the parties to cooperate fully and use the best efforts to develop viable alternative programs of postsecondary education in Alaska and to develop in connection therewith adequate guidelines for the administration of the trust to implement its purpose to the fullest degree possible.

8. The parties through the Board of Trustees of AMU and the Governor of the State of Alaska shall cooperate fully in securing approval of this option by the Legislature of the State of Alaska. It is understood by both parties that the price and payment terms set forth herein are subject to approval by the Legislature. AMU reserves the right to withdraw from this Option Agreement, without penalty or obligation at any time prior to approval of the Option Agreement under the terms set forth herein and the funding of said Option Agreement pursuant to a request of the Governor such funding and the actual funding thereof by the Legislature.

9. Any notice or demand under this Option Agreement shall be by registered mail or certified mail, sent as follows:

To AMU at University Drive, Anchorage, Alaska 99504

and

To the State of Alaska at the Office of the Governor,
Pouch A, Juneau, Alaska 99801

10. Only the State may exercise the Option granted herein, and any assignment, transferral, or sale of this Option, directly or indirectly, shall automatically terminate this Option and all rights of the State under this Agreement; provided, however, that the State may assign this Option to a third party after obtaining the prior written consent of AMU.

11. Any amendment to this Agreement shall be executed in writing and signed by the parties hereto.

DATED, the day, month and year first written hereinabove.

ALASKA METHODIST UNIVERSITY

By: ______________________
Its Acting President

THE STATE OF ALASKA

By: ______________________
Governor Jay Hammond